

For London's Poor, Bed-and-Breakfast Hotel Rooms

By Francis X. Clines
New York Times Service

LONDON — "Sitting in that tiny room, listening to my sister raving, I may as well be back in a prison cell," said Patricia Stafford, a former drug addict and robber.

She is trying to get back on her feet in the confines of the oddest imaginable down-and-out shelter: a narrow bed-and-breakfast hotel room with the gleam of Victorian on the outside and gloom within.

The housing of the poor in seemingly quaint bed-and-breakfast rooms — a tucking away of desperation amid the faded antimacassars of an earlier age — is the fastest growing and most expensive new welfare development in Britain.

In the last 15 months, the practice has skyrocketed, with 8,000 London hotel rooms now taken up by the poor and 10 more rooms a day going on the welfare rolls as B and B, as the bed-and-breakfast formula is known.

Gentrification and privatization are shrinking the available housing for the London poor at such an alarming rate that hard-pressed local governments have had to use B and B as the shelter of last resort.

With the Conservative government of Prime Minister Margaret Thatcher sharply reducing the capital funds available for localities to build new public housing for the poor and encouraging the open-market sale of existing units, the borough governments are reeling.

They complain they are forced to use local taxes to cover the rising cost of temporary welfare shelter, with the London B-and-B budget growing tenfold in five years, to more than \$160 million.

The poor, in turn, complain that local boroughs are issuing harsh budget-cutting standards that prod the need to move out of traditional neighborhoods.

Rents typically run at



A mother and child in a bed-and-breakfast room, one of many being used by the London authorities to house the poor.

more than \$350 a week for Patricia Stafford and her sister, Anne, in a single room with no bath are a lucrative attraction for landlords who have begun renovating additional B-and-B rooms for the poor.

"I'd go mad myself if I didn't have this place to come to," Miss Stafford said of the Field Lane Center, one of the private charities that began special programs for the B-and-B residents.

In the busiest B-and-B welfare ground, Baywater near Paddington Station, one young mother waiting 29 months in a B and B for a permanent welfare apartment of her own said she regularly visited a friend's home so her

baby son "could have the room to crawl properly."

In the borough of Camden, where there are long lists of poor waiting for permanent apartments, the council is fighting bankruptcy as it faces a B-and-B budget that has doubled in a year to £20.5 million (\$34 million).

Long a refuge for immigrants, Camden has reacted by tightening its welfare housing standards, with families finally reaching the top of the apartment waiting list and being shown a single flat on a take-it-or-leave-it basis with no second or third option as in the past.

At the same time, newcomers to Camden's traditional Irish

neighborhoods complain they are receiving notice to head home for Irish welfare.

Homelessness and street squatting are on the rise, according to a project worker, Helen Crane, as the construction of housing for the London poor has fallen from an average of more than 20,000 units a year in the 1970s to little more than 1,000 lately because as the national government has cut local capital borrowing authority by two-thirds.

Such social welfare leaders as Lord Scarman are warning that another "Fagin's London" will evolve as small children are idly sent up behind the hotel facades near railroad stations.

"Societies breed their own stums," warned Lord Scarman, the president of the International Year of Shelter for the Homeless.

In that role, he is urging Britain to rebuild its dwindling stock of housing for the poor by permitting the diversion of emergency housing funds to capital construction.

Lord Scarman estimates that it costs at least one-third less to build new housing or renovate than it does to shelter people in break-and-enter units.

"In many ways bed-and-breakfast hotels must be Britain's equivalent of the shantytowns of the Third World," he said.

NATO Leaders May Meet After Summit

By James M. Markham
New York Times Service

PARIS — Amid deepening concern over the invasions of Soviet diplomatic efforts on West European opinion, senior NATO diplomats are exploring the idea of a meeting of alliance leaders after an expected encounter between President Ronald Reagan and Mikhail S. Gorbachev this autumn.

As explained by various U.S. and West European diplomats, a gathering in Brussels of North Atlantic Treaty Organization heads of state and government might avert the kinds of rifts that opened between Washington and its allies after Mr. Reagan and Mr. Gorbachev discussed sweeping arms control proposals in Reykjavik a year ago.

A NATO conclave could also provide Mr. Reagan with a platform to reassure the allies of the U.S. commitment to the defense of Western Europe, while preventing the alliance to lay down its own markers for its future course rather

than simply responding to Mr. Gorbachev's initiatives.

"There has been a certain disorientation in public opinion as to where we're going," said a European diplomat involved in the soundings for an alliance gathering. "The international scene has changed very sharply, and there's a feeling that this is looking to be a good time for alliance leaders to get together and provide clear signals for public opinion."

On the assumption that a Reagan-Gorbachev meeting might take place toward the end of November, crowned by the signing of an accord to eliminate the superpowers' medium-range missiles, NATO diplomats are exploring the possibility of upgrading a scheduled for minister's meeting in Brussels on Dec. 11 and 12 to a gathering of heads of state and government.

"If I had to bet, I think it would happen," said a U.S. envoy, adding that such a meeting could "create reassurance that we're not remaking the world." But he and other

officials in various capitals emphasized that planning for a NATO meeting had been kept purposely low-key so as not to put pressure on U.S. negotiators who are striving to conclude the missile pact.

The discussion for the NATO gathering is taking place against the backdrop of a debate in West European capitals over how to deal with the challenge posed by Mr. Gorbachev's ability to portray the Soviet Union as a champion of peace and disarmament. In some public opinion polls the Soviet leader emerges as more popular than Western politicians.

One feature of this debate has been enthusiasm in West Germany for Mr. Gorbachev's policies of "openness" that contrasts at the official level — with a considerably more skeptical approach in France and Britain. The most vocal champion of encouraging Mr. Gorbachev's course has been the West Germany foreign minister, Hans-Dietrich Genscher.

In St. Paul, Minnesota, earlier this month, Mr. Genscher argued that developments in the Soviet Union might constitute a "turning point" in East-West relations and that West German leaders "will not allow ourselves to be shackled by outdated thinking and deep-seated antipathies."

During a six-day visit to West Germany this month Anatoli F.

Dobrynin, a senior adviser to Mr. Gorbachev, argued that there was "a historic possibility" to turn what

was a temporary public relations disadvantage, a ranking alliance diplomat said.

"We haven't learned to react fast enough. It is inherent in our system of a very slow and democratic opinion-building."

TOOLS: European Ring Alleged

(Continued from Page 1)

An Iranian military commander said Iran planned to announce a "general mobilization" next week to ask "everyone who can take part" in a struggle against the United States, according to the Tehran newspaper Ettelaat.

As the attack occurred, four U.S. warships were hundreds of miles to the south escorting two reflagged Kuwaiti tankers toward the Strait of Hormuz.

The typewritten statement in Arabic from Islamic Jihad was delivered to a Western news agency in Beirut. It was accompanied by black-and-white photographs of an American hostage, Terry A. Anderson, and a French captive, Paul Kauffmann.

The group encloses photographs as a sign of authenticity of its messages.

The attacks will be patterned after the Oct. 23, 1983, bombings that demolished the headquarters of the U.S. Marines and French paratroopers in Lebanon, the statement said.

The bombings, carried out by suicide truck drivers, killed 241 American servicemen at the Marine Corps base and 58 Frenchmen at the other post. Both nations later withdrew their forces from Lebanon.

"Thousands of our suicide martyrs are in the Gulf waiting for the proper moment to make a new glory for Islam and the Moslems," the statement said.

Kongsberg's illegal exports, the report said, included three machines from Raier-Forest in 1978; 32 milling machines from a West German firm, Schiess A.K. of Dusseldorf; five machines from another West German firm, O. Dorfner in Duren; an undisclosed number, apparently turbines, from a third West German firm, Donauwerke in Passau, near the Austrian border; 23 machines from a Rome-based firm, INNSE Immobilianti Sant'Eustachio, a subsidiary of Finisider and part of IRI, Italy's giant state-owned holding company; and two machines which apparently went to China, from KMT in Britain.

Most companies could not be reached for comment. But a Schiess executive, Maudred Hanning, while confirming that his company had sold multi-axis milling machines to the Soviet Union, said that the sales had West German government approval and that his company believed that the Kongsberg control systems had also been approved for export.

■ U.S. Moves on China Sales

The United States moved Thursday to limit the sale of some high-technology items to China because of its sale of Silkworm missiles to Iran. Agence France-Presse reported from Washington. The United States has urged Beijing for several months to not sell the missiles to Iran.

■ India Drops Food Aid

The state-owned All India Radio said Indian Air Force planes dropped 2,000 food packets over the Jaffna Peninsula on Thursday for Tamils displaced by the fighting. Agence France-Presse reported from New Delhi.

Indians Hold One-Third of Jaffna City

Reuters

COLOMBO, Sri Lanka — Indian troops occupy only about one-third of Jaffna after 13 days of heavy fighting to wrest control of the northern Sri Lankan city from Tamil rebels, an Indian official said Thursday.

The official, with the Indian High Commission, also said that the Indian Navy had landed commandos at a rebel stronghold on the western coast of the city, but cut no details.

The official displayed a map at a news briefing indicating that about a third of the city had been seized by rebels of the Liberation Tigers of Tamil Eelam, the main guerrilla group.

Indian troops have been advancing on Jaffna to disarm the Tigers and force compliance with an Indian-Sri Lankan accord designed to end the Tamil separatist revolt.

Earlier this week, an Indian official said the troops had seized control of the city center and were "mopping up" rebel resistance. But a Sri Lankan journalist who had visited the city said Wednesday that the Tigers were still largely in control there.

About 20,000 Indian troops have been sent to Sri Lanka to enforce the pact signed in July. It provided for the surrender of arms by Tamil guerrilla groups.

The official said that after 13 days of fighting the Indians controlled important buildings, including the railroad station and the Jaffna Hospital.

The official said there was no response yet from rebels to repeated appeals by Indian forces on Wednesday to surrender their weapons.

A Sri Lankan journalist just back from Jaffna quoted the deputy leader of the Tigers as saying that about 500 fighters had volunteered to form suicide squads against Indian troops to allow main Tamil units to escape from the besieged city.

The Sri Lankan Parliament voted Thursday to extend for another month a state of emergency imposed in May 1983 when widespread violence between the majority Sinhalese and minority Tamils swept the island.

An opposition member, Amal Moonsinghe, asserted that dozens of civilians had been killed by Indian soldiers in the fighting.

The Indians have denied that large numbers of civilians have been killed and have said that special precautions were being taken to minimize civilian casualties even though this was slowing the soldiers' advance.

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New Protests Force Roh To Cancel A Speech

By Peter Maass
Washington Post Service

SEOUL — Hundreds of stone-throwing demonstrators clashed Thursday with riot police in an escalation of protests against Roh Tae Woo, the South Korean ruling party's presidential candidate. Mr. Roh was forced to cancel one speech and delay another.

The incidents have created fears in the Democratic Justice Party that more protests against Mr. Roh will break out as the December election nears.

The party secretary-general, Chung Suk Mo, was quoted in local newspapers as saying the protests could turn more radical. "That is what we had feared most about a direct presidential election," he said. "Such acts will occur more frequently."

Reaching to the demonstrations, the police said they would crack down to prevent further anti-Roh protests. Reports said the police planned to set up special units that will pursue people directly and indirectly responsible for campaign protests.

Already, 15 persons have reportedly been arrested and eight others are being sought by the police for the anti-Roh protests in Kwangju on Wednesday.

During the Kwangju protests, Mr. Roh was prevented from giving an impromptu speech after a tear-gas grenade exploded near him. Choking, Mr. Roh was escorted away by security guards. In other incidents, he was pelted with eggs and several protesters are said to have called out for his execution.

A former general and close ally of President Chun Doo Hwan, Mr. Roh is making a campaign tour of the Cholla region, a center of anti-government sentiment. In 1980, at least 200 people were killed when government troops crushed an uprising in Kwangju, the Cholla capital.

The incidents Thursday occurred in Iri and Jongju, two adjacent towns in the Cholla region. In Iri, several hundred students reportedly clashed with the police in front of the railroad station shortly before Mr. Roh was to deliver a speech there. As the students threw stones and shouted anti-Roh slogans, the police fired several volleys of tear gas. The rally and speech by Mr. Roh were delayed for about 30 minutes.

In Jongju, at least 100 protesters demonstrated outside a gymnasium where Mr. Roh was to inaugurate a new campaign organization.

Mr. Roh was forced to enter the gymnasium through a back door, and he canceled a speech that he was to deliver outside.

Meanwhile, in a separate development, the rift between the two opposition leaders, Kim Daeg Jung and Kim Young Sam, appeared to widen after the two men held an inconclusive negotiating session.

In their first meeting in several weeks, the two men again failed to decide which one would run as the opposition candidate. Kim Young Sam called for a show-down vote at a convention of the opposition Reunification Democratic Party, but Kim Daeg Jung described the proposal as inappropriate.

Many political analysts say it is increasingly likely that the Reunification Democratic Party will break up over the candidate issue.

WORLD BRIEFS

Progress Reported in Arms Talks

MOSCOW (Reuters) — Secretary of State George P. Shultz and the Soviet foreign minister, Eduard A. Shevardnadze, made progress on arms control and other issues at talks in Moscow on Thursday, spokesman for both sides said.

The State Department spokesman, Charles E. Redman, and the Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said the ministers had two rounds of constructive discussions in the morning and afternoon, and headed into a third meeting in the evening.

Mr. Redman said that Mr. Shultz and Mr. Shevardnadze were making progress toward completing a treaty to ban medium- and short-range nuclear missiles but that problems remained over verification and a timetable for dismantling the weapons.



George P. Shultz and Eduard A. Shevardnadze joking together Thursday before starting talks on nuclear arms.

Hindus Seal Off Area in New Delhi

NEW DELHI (Combined Dispatches) — Hundreds of Hindus sealed off a posh district here Thursday, closing shops and dismantling makeshift temples, to protest the killing of 11 people in an attack Tuesday by Sikhs guerrillas, the police said.

Concrete poles were dropped across access points to the Bengali- and Hindu-dominated Chittaranjan Park area, which was declared out of bounds to policemen, city buses and outsiders. Witnesses said the Hindus buried bricks at policemen, chased away visiting politicians and ordered local residents to boycott Diwali, the annual Hindu festival of lights.

Meanwhile, in Amritsar, a rally planned by militant Sikhs at the Golden Temple failed to materialize as about 200 militant government policemen surrounded the Sikh shrine while other policemen enforced a curfew in virtually deserted streets. The Sikhs had vowed to hold the rally despite official opposition and the arrests of about 250 militants since Monday.

(AP, AP)

Rebel Victory in Angola Is Reported

JOHANNESBURG (Reuters) — Anti-Communist rebels in southern Angola, backed by the United States and South Africa, have defeated a major offensive by Soviet-directed Angolan government troops, diplomatic sources said here Thursday.

Earlier, Radio South Africa quoted the guerrilla leader, Jonas Savimbi, as saying that the Marxist government's forces were retreating after fighting near the Lomba River. A long-range bombardment by South African artillery played a crucial role in turning back the offensive, one of the biggest since the civil war began in 1975, the sources said.

Mr. Savimbi, head of the National Union for the Total Independence of Angola, told South African radio that the drive on his front-line stronghold of Mavinga had been "practically stemmed." According to diplomatic sources, the offensive started slowly but was better equipped and better organized in previous years.

Protest by 2 Million Planned in Dhaka

DHAKA, Bangladesh (AP) — The three major opposition alliances in Bangladesh have combined forces for a confrontation next month to force the government to resign, a senior leader of one of the alliances said Thursday.

Mohammed Arefin said the alliances hope to assemble more than two million people outside Dhaka to try to immobilize the government on Nov. 10. The plan was announced two days after a 48-hour general strike.

Reagan Wants Quick Meeting With Congress on Deficit Cuts

Compiled by Our Staff From Dispatches
WASHINGTON — President Ronald Reagan said Thursday that he wanted to meet promptly with Democratic and Republican congressional leaders to talk about deficit reduction steps, hoping to keep "spending and taxes" as low as possible.

Earlier Thursday, the Democratic leaders in Congress said that they would push forward with deficit-cutting tax legislation that might affect the financial markets, citing a doubt about Mr. Reagan's willingness to compromise.

Mr. Reagan issued his statement to House Speaker Jim Wright, Democrat of Texas, said that Democrats wanted a meeting to get the president's assurance that planned deficit reduction talks would not be a "charade."

"All we seek will be his assurance that nothing will be out of bounds," including taxes, Mr. Wright said.

The Senate Republican leader, Sen. Dole of Kansas, said the first meeting could take place as early as today.

The Democrats, who control the House of Congress, called for an "economic summit meeting" of the Republican president, in pressing ahead on budget-cutting legislation.

The White House has sent mixed signals about whether the president is willing to reverse his longstanding opposition to tax increases as

part of any compromise on finding ways to lower the budget deficit.

The White House hinted Wednesday that Mr. Reagan might consider a tax increase and "listen" to Democratic proposals, but the president also said: "I'll listen to them if they'll listen to me about the fact that raising taxes has always resulted in a lowering of revenues."

Mr. Reagan said Tuesday, a day after the dramatic plunge in stock prices, that he wanted discussions undertaken with the bipartisan leadership of the Congress. Analysts blamed the plunge in part on investor concern over the budget deficit.

During Mr. Reagan's presidency, the annual deficits have more than doubled the national debt, pushing it past \$2.3 trillion.

Mr. Wright and the Senate majority leader, Robert C. Byrd of West Virginia, said Wednesday that they wanted the discussions to include a meeting with the president. White House aides left open the question of whether the president would participate.

But Mr. Reagan's statement Thursday said, "I want to meet with the bipartisan leaders of Congress as soon as possible to arrange the procedure for deficit reduction discussions."

"As I have said previously, everything is on the table with the exception of Social Security and there are no other preconditions. I

hope that Congress will also agree to put everything on the table."

This matter requires that both sides make contributions and develop a package that keeps spending and taxes as low as possible."

Mr. Dole said the budget negotiations are "precisely what we need to reassure" the public and the financial markets.

Representative William H. Gray 3d, Democrat of Pennsylvania and chairman of the House Budget Committee, said Mr. Reagan's decision to participate and put taxes on the table were "essential."

"This seems a hopeful beginning," he said.

Pete V. Domenici of New Mexico, the senior Republican on the Senate Budget Committee, said the stock market crisis might provide the impetus to get the deficits under control before it is too late.

"There is nothing so exhilarating as to be shot at and missed," he said, paraphrasing Winston Churchill, "and I think that's where we are today."

Mr. Dole said that, based on initial discussions between administration and congressional officials, negotiators would be looking at deficit reductions of \$23 billion or \$24 billion, but added, "It could go even further."

Mr. Wright said that Reagan aides seemed willing to negotiate, even to the extent of discussing additional revenue, although the president has vowed to resist tax increases.

(AP, NYT)



Alejandro Duarte, a son of and an adviser to President José Napoleón Duarte of El Salvador, chatting with reporters after a meeting with Salvadoran rebel leaders in Caracas.

President of Honduras Urges U.S. to Set Aside Contra Aid Till January

By Neil A. Lewis
New York Times Service

WASHINGTON — President José Azcona Hoyos of Honduras has urged that U.S. military aid to the Nicaraguan rebels be suspended at least until January.

Mr. Azcona, the closest supporter of United States policy in Central America, suggested Wednesday that money be put aside until it is clear whether the Nicaraguan government is complying with the Central American peace accord.

Like President José Napoleón Duarte of El Salvador, who visited Washington last week, Mr. Azcona apparently felt obliged to take that position, in the face of U.S. support for the rebels, because he signed the peace accord. The accord requires a suspension of aid to the rebels, known as contras.

Mr. Azcona strongly suggested that he expected the Nicaraguan government would fail to comply with the regional peace accord. He said the United States should be prepared in that event to return the contras.

"Right now the aid to the contras should be suspended, and it has been suspended," he said. "But what definitely should not be done is to make a decision that would close down the possibility of aid to the contras in the future. That would torpedo the peace process."

Mr. Azcona said that if military aid to the contras was suspended,

the Sandinist government in Managua would not be able to use continued U.S. support of the rebels as an excuse not to comply with the accord.

Any money intended for the contras, Mr. Azcona said, could be placed in escrow until Jan. 7, when the Central American presidents are to meet to judge whether their countries — Nicaragua, Costa Rica, Honduras, Guatemala and El Salvador — are complying with the accord they signed in August.

He said that perhaps a congressional vote on a White House request for aid could be delayed after Jan. 7.

President Ronald Reagan has said he intends to ask Congress sometime before Nov. 26 to provide \$270 million in aid for the contras, that could be used for any purpose, including military needs.

But Mr. Azcona, like Mr. Duarte, noted that the treaty requires an end to outside help to insurgent groups and thus binds the parties to take a position counter to that of the Reagan administration.

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To Alter Perceptions, Republican Hopefuls Wax Compassionate

By Bernard Weinraub
New York Times Service

WASHINGTON — Republican presidential contenders are voicing a passion for compassion.

Senator Bob Dole's grandparents were on welfare, his parents were poor and he endured a crippling arm wound in World War II. Recently the Kansas senator said: "All that personal experience, nothing very heavy about it, has made me a very strong person, and a very sensitive person when it comes to the handicapped and other vulnerable groups in America."

Vice President George Bush says the Republican Party is the party of the Lincoln. "Our whole history was protecting those who needed protection and making this a kinder nation," he said. "Prosperity with a purpose means helping your brothers and sisters, whoever they are, whatever they are, whatever their needs."

Representative Jack F. Kemp of New

York says the party must open itself to racial minorities and blue-collar workers and shed the image of a party representing "the country club set." Mr. Kemp adds: "It has to be done with a sense of what I call progressive conservatism. Make our party the party of civil rights and of human rights and voting rights and legal rights and economic opportunities for all people."

"The compassion issue is a very serious concern among Republicans," said Ed Rollins, a former White House political director who is chairman of the Kemp campaign.

"If you look back at the last seven years," he said, "you see that because of the strong defense buildup and tax reduction, the president was forced to cut other budget items. The perception out there is that the Reagan administration is anti-poor, anti-elderly, anti-veteran, anti-environment. It's important that we go out and articulate the message that we do care."

Larry Sabato, a campaign specialist who

is a professor of government at the University of Virginia, observed: "Republicans are raising the issue of compassion because

"The perception out there is that the Reagan administration is anti-poor, anti-elderly, anti-veteran, anti-environment."

— Ed Rollins,
former White House aide

"Kemp for years has been preaching the need for Republicans to show compassion. He started it. Dole picked it up in the last six months. He began talking about his childhood and his war wound and the fact that the government has got to help people in need. Dole and Kemp are both trying to isolate Bush. And the Bush people knew he was getting hit over the head on the issue, so he began talking about compassion, too."

Certainly this theme is not new to presidential politics. Among the Democrats, Franklin D. Roosevelt, Harry S. Truman, John F. Kennedy and Lyndon B. Johnson addressed the need to help the needy. And on the Republican side, Richard M. Nixon sought to grapple with the poverty issue although he did so less in his 1968 presidential campaign than in his presidency.

In some ways, the 1988 compassion theme emerged fully when Mr. Bush, formally announcing his candidacy on Oct.

12, went out of his way to discuss civil rights and express concern for Americans who are impoverished.

"There are those who need help, there are those who have been hurt — and, far as I'm concerned, we will never be a truly prosperous nation until all within it prosper," he said.

Kevin Phillips, a Republican analyst, said Mr. Dole's decision to take up the compassion theme caused the Bush campaign to move in the same direction after it realized that "Dole was scoring there, and Bush had to show that side of him more."

The issue has not played a central role in other Republican campaigns, those of former Governor Pierre S. du Pont, 4th of Delaware, Alexander M. Haig Jr. and Pat Robertson. Moreover, Mr. Kemp has criticized Mr. du Pont's proposal that virtually all poor people should be compelled to work at one job or another. "If you don't work, you don't get paid," Mr. du Pont says.)

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U.S. Armory in Europe Is Called a 'Sieve'

By John M. Broder
Los Angeles Times Service

WASHINGTON — Sloppy security and record-keeping at U.S. Army posts in Europe endangers billions of dollars worth of military supplies, including highly sophisticated U.S. weapons, a congressional study warns.

The goods are exposed to theft by terrorist groups or to diversion for profit, the study by the General Accounting Office said.

At a post in West Germany, supply officers searched almost a year for 24 Stinger anti-aircraft missiles after the army requested them for exercises elsewhere. At another post, an army battalion lost a Chaparral surface-to-air missile. Elsewhere, a military guard station was found unmanned with a note stuck to the door reading, "Be back in 5 minutes."

The report, made public

Wednesday, detailed numerous other security breaches that left Stinger, Dragon and TOW missiles, as well as anti-tank rockets, hand grenades and ammunition vulnerable to theft or sabotage.

The security of the Stinger missiles is particularly sensitive because the Stinger is the army's most effective portable anti-aircraft missile and the Pentagon has tried to keep it from falling into unfriendly hands. A shipment of Stingers sold to the Afghan rebels was hijacked by Iran this spring, and one missile reportedly was fired at a U.S. military helicopter patrolling in the Gulf two weeks ago.

"There is simply no excuse for the kind of laxity that has occurred," said Senator Pete Wilson, a Republican from California, who initiated the investigation that led to the report. "The army's known for some time that the missiles are not properly secured. And yet they

have failed to take corrective steps, which is unconscionable."

An army spokesman disputed Mr. Wilson's comments and the report.

The army had procedures to account for the missiles that were adequate to the purpose," the spokesman said. "We were not missing any missiles." He acknowledged, however, that the army "has taken actions to improve those procedures to make them better."

The report is part of a continuing series of audits of the military-supply system.

So far, government investigators

have said, the evidence indicates that the military network that warehouses \$170 billion worth of munitions and easy-to-pilfer items, is "leaking like a sieve."

The report charged that "the problems of inaccurate inventories, unknown causes of the inaccuracies and poor physical security all con-

tribute to a situation where the army is unnecessarily vulnerable to theft, diversion or misappropriation of its inventory supplies."

It noted that many of the problems had been pointed out to senior army officials but that corrective actions had not been "fully effective."

Dick Helmer, who supervised the audit, said the army asserts that its records for its entire inventory are accurate nearly 90 percent of the time. But Mr. Helmer's analysis of the army's own figures found that the records are less than 50 percent accurate.

"There are a lot of serious management problems," Mr. Helmer said. "You're just opening yourself up to fraud, waste and abuse."

Forthcoming audits will look at the U.S. Air Force, Navy and Defense Logistics Agency, which coordinates supply across the services.

Flaws Found In Security at U.S. Airports

By Ruth Marcus
and David Hoffman
Washington Post Service

WASHINGTON — An intense lobbying effort by the National Rifle Association has delayed, at least temporarily, new legislation being considered by the Reagan administration to outlaw so-called plastic guns.

The effort by association officials to

block the legislation was initiated by

the Justice Department.

The effort to block the legislation

was identical to the one that agency

had proposed last year.

Because passenger screening is

the most important component of

an airport security program, I find

these results particularly disturbing,

said Representative Cardiss

Collins, an Illinois Democrat, whose subcommittee conducted the hearing.

Mr. Salazar conceded that "we

are not satisfied with that success

rate," but he said his agency was

trying to spur airlines into improv-

ing their detection systems.

"I continue to believe," Mr. Salazar said, "that our domestic screen-

ing program remains an effective

means of combating aircraft hijackings."

At 34 major airports, the rate of

detection ranged from 99 percent

to 46 percent.

For security reasons, the airports

tested were not identified.

(UPI, AP)

Police groups and others backing the legislation are attempting to prevent the spread of weapons that have low metal content and are made primarily of plastic. They argue that terrorists could use the weapons to avoid triggering metal detectors and X-ray machines used at airports and elsewhere.

Two guns now manufactured

contain less than 8.5 ounces (250

grams) of steel, which is the minimum metal content required in the proposed legislation.

The effort to block the legislation

was directed at Attorney General Edwin Meese 3d and Vice

President George Bush, among

others, the sources said.

A package of gun control legisla-

tion that included the plastic guns

measure already had been ap-

INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

A Hard Economic Lesson

Securities markets worldwide have recouped half their trillion dollar losses, a recognition that the bricks and mortar of world production remain fundamentally sound. But make no mistake: The stock market crash reflects an equal recognition that the world economy will remain at great risk until leaders demonstrate they can face up to hard political decisions.

For America, that means budget deficit reduction. For West Germany and Japan it means a broadening of perspective from officials unaccustomed to roles as international leaders. For all, it means agreement on a workable strategy for pulling in harness.

Such changes require setting aside parochial and selfish economic policies. But surely the needed reforms will be less painful than the financial collapse waiting to happen next year — or next week.

Those who have been reading the economists' laundry list of worries might well blanch at prospects ranging from depression to hyperinflation. They might legitimately wonder whether any change of course is safer than simply trying to muddle through. There are indeed risks to action. Raising taxes might, for example, tip a weakened economy into recession. But reasonable people ought to be able to agree on the first priority: avoiding a panic flight from the dollar into other currencies.

Such a conviction, triggered by the belief that the dollar was about to fall, would lead to a collapse in securities markets and a colossal leap in interest rates. At the very least, this would cause a recession destroying tens of millions of jobs around the world. Less likely, but far from impossible, it would end the era of open international trade and investment. That would cripple a system in large part responsible for tripling world income during the past quarter-century.

America's task is to convince foreign pri-

vate lenders that the United States won't wail on its debts by paying off loans in devalued dollars. That reassurance does not require instant elimination of the budget deficit. But it does demand credible belt tightening. Nothing less will do at this stage than an agreement between Congress and the White House to raise taxes and freeze spending for the military and for middle-income benefit programs. Each must show it can put national above partisan interest.

For Japan and West Germany, the world's primary lenders, the sacrifices needed are largely psychological. They fear even the smallest risk of inflation, but have to take that chance to fill the gap in demand that U.S. austerity will leave. They must also reduce interest rates at home, so that America is not forced to pay recession-inducing rates to satisfy foreign investors. Most important, they must be willing to recognize that in an integrated world economy creditor nations bear much responsibility for keeping currency markets on an even keel. For the coming months and years, Japan and West Germany have to be prepared to act as leaders of last resort. They must be willing to provide whatever amount of yen and marks is necessary to keep the dollar from tumbling out of control.

Nuts and bolts considerations of U.S. deficit reduction — of energy taxes, national sales taxes and Social Security freezes — have failed to interest group voters in the past. Past American attempts to induce Japan and Germany to act as locomotive to the world economy have been brushed aside.

But surely one hallmark of successful societies is the flexibility to recognize and respond to urgent need. If the loss of a trillion dollars in securities values in a single day cannot move the leaders of industrial economies to make common cause, popular panic will determine our economic destiny.

—THE NEW YORK TIMES.

Asia's Nuclear Passions

Is a second-best solution, but one better than no solution, being ruggedly applied to the problem of nuclear proliferation in South Asia? India, as the subcontinent's dominant power and a country determined to avenge its border humiliation by China in 1962 and match China's first bomb of 1964, exploded a nuclear "device" in 1974. That made it all but inevitable that smaller, already partially dismembered Pakistan would seek to catch up. It has done so behind a veil of secrecy intended in part to spare it the heavy costs (an aid cutoff, political isolation) of American nonproliferation policy. Its success necessarily shifts the burden of American policy from fortifying a Pakistani nuclear program — a goal now overtaken — to keeping the Pakistani program and the Indian program it responds to, within certain discreet limits.

Rajiv Gandhi's visit to Washington this week did not signal formal Indian approval of South Asia's new state of "nuclear ambiguity." On the contrary, India regards its program as 1) its business alone, 2) peaceful

and 3) designed less to intimidate Pakistan than to deter China. To President Reagan's plea for an Indian nuclear "dialogue" with the Pakistanis, Prime Minister Gandhi offered only "frank discussion" with Americans. This is unfortunate: The surest way for India to choke off Pakistan's nuclear program would be to enter such a dialogue. But Mr. Gandhi did say that India would not go ahead with an actual bomb of its own "unless constrained to do so" — words that leave India's policy open to future choice.

Surely Indians understand why Americans are reluctant to sacrifice support for the Afghan resistance — support rendered chiefly through Pakistan — to punish Pakistanis for a nuclear program for whose likes India, not to speak of Israel, goes uncouth. And surely Indians realize the advantages to themselves of having Pakistan stay in a close and constraining security relationship with the United States rather than be cast out by an aid cutoff into a loneliness in which its nuclear passion could only grow.

—THE WASHINGTON POST.

A Victory for Free Speech

Four years ago, three groups of Americans invited controversial foreigners to come to the United States to speak. Those invited haven't yet been granted visas, but this week they came a little closer to making their trip. Tomas Borge Martinez, the interior minister of Nicaragua, was to be the guest of a group including members of Congress, university professors, journalists and religious leaders. Nino Pasti, a former Italian army general assigned to NATO, who opposes the deployment of U.S. missiles in Europe, was invited to a nuclear disarmament rally in Boston. Olga Finch and Leonor Rodriguez Lecanda, Cuban speakers on family law and women's rights, had been asked to lecture by the New York City Commission on the Status of Women. All four were turned down for visas by the State Department on the grounds that their presence in the United States would be detrimental to national security.

Suits were filed by those who had issued the invitations, and though they were unsuccessful in the trial court, the federal appeals court for the Washington circuit ruled in favor of the plaintiffs, a ruling affirmed by the Supreme Court in a tie vote on Monday. Because of the tie, the holding applies only in the Washington circuit, but since most litigation involving visa denials would be brought there under any circumstances, the ruling is important.

The appellate court had held that, under the terms of the Immigration and Nationality Act, the State Department cannot ex-

—THE WASHINGTON POST.

Other Comment

Those Institutional Spenders

When the Dow Jones index plunged on Monday, it was a hostile comment on a crucial aspect of the American political system: the inherent reluctance of president and Congress either to raise taxes or cut government spending for fear, either way, of being voted out of office. The same would be true of politicians the world over. But in the United States the reluctance is built into the country's political institutions.

—The Times (London).

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OPINION

A Remarkable Collapse, But This Isn't 1929

By Robert J. Samuelson

WASHINGTON — Wall Street's panic has been dizzying. To the superstitious, ominous coincidences are obvious: The Great Crash of 1929 also occurred in October. What does the stock collapse of the past week mean? I will not attempt to offer instant wisdom, but here is an attempt to provide some perspective.

Caution Number One: No one really knows what is happening, and almost everyone has ulterior motives. Brokers and government officials who talked soothily of a "correction" aimed, unsuccessfully, to avoid a panic. Beware also of those who moralize about the "crash." If the stock market boom symbolized the Reagan prosperity, then a collapse is supposed to show that prosperity rested on greed. Though that verdict may satisfy some, it may also be bad economics.

Caution Number Two: The stock market's bark is typically worse than its bite. Even the Crash of 1929 did not "cause" the Great Depression. Though the market's collapse helped end the 1920s' boom, mistakes in government policy converted a business downturn into the Depression. The Federal Reserve permitted the banking system to disintegrate.

From 1929 to 1933, two-fifths of the 25,000 U.S. banks went out of business. Consumers' deposits were frozen; business loans contracted. By 1933, unemployment was 25 percent.

What triggered the 1987 panic is anyone's guess. There were bad trade figures last week; the United States and West Germany were quarreling over interest rates. In a sense, the cause does not matter. Panics are driven by fear. For much

of the year, market analysts were saying stock prices were too high based on traditional measures: profits, interest rates, underlying corporate assets. The market subsisted on faith, and once selling pressures developed there was no strong case for anyone to buy.

The market always bounces around. Monday's collapse was followed by a partial recovery Tuesday and Wednesday. Only with hindsight do we know which bounce has broader significance. All we can do now is examine the current decline.

How does it compare with previous drops since World War II?

Generally, it is much worse. Since 1948, there have been 10 major market declines. The largest drop, from December 1972 to September 1974, was by 46 percent. Declines have averaged 23 percent and have been gradual: it has taken stock prices an average of 14 months to hit bottom from their peaks. By contrast, this collapse has been deep and swift.

Stocks peaked in August. Even after Tuesday's rise, they were down nearly a third from that peak.

Easing the severity of the plunge is the continuity of the previous stock boom. Huge paper profits accumulated. When the boom began in August 1982, stocks on the New York Stock Exchange were worth \$1.1 trillion. By this August, their value exceeded \$2.9 trillion. The boom lasted twice as long as the postwar average (30 months), and the price rise was about three times bigger.

Does the market collapse signal a recession or economic slowdown?

It could. In theory, the market is a leading indicator. Rising prices reflect hopes of higher production and

profits, while falling prices indicate

fears of poor sales and profits.

A falling stock market has preceded every postwar recession except the 1960 recession, according to Geoffrey Moore, head of the Center for International Business Cycle Research.

On average, the stock decline has occurred nine months before recession began. But a market decline is not an infallible signal, Mr. Moore said. At least three drops (those of 1941-1942, 1966, and 1976-1978) were not followed by recessions.

Until recently, most economists

were optimistic about the outlook.

The market's drop itself is causing the economy to slow down.

Perhaps, the theory is simple: A rising market encourages consumer spending by making people feel wealthier; a falling market does the opposite. But too few Americans

may own stock for market changes to influence consumer spending significantly.

Probably fewer than 25 percent of families own stock. In 1983, the median investment was worth \$4,016; that may have jumped to \$12,000 by 1987. Only among families with more than \$30,000 income are stock investors a majority.

Of course, the stock market crash could affect a lot of noninvestors.

Consumers could get nervous and delay spending, especially on expensive items. Businesses could cut investment plans until the outlook is clearer.

Some companies may need to make bigger contributions to their pension plans, leaving less money to invest in plant and equipment.

Once the market starts falling, what is to stop it?

Stocks could get "cheap." In August, stock prices were roughly 22 times profits. Price-earnings ratios that high had not been seen since the early 1960s. The market's decline now brings stock prices to about 14 to 15 times earnings, which, though high compared with the 1970s, is more in line with the 1960s and 1950s. Will that tempt buyers? Many investors who sold now have large amounts of idle cash. But there is no guarantee that they will come back into the market, even if prices drop.

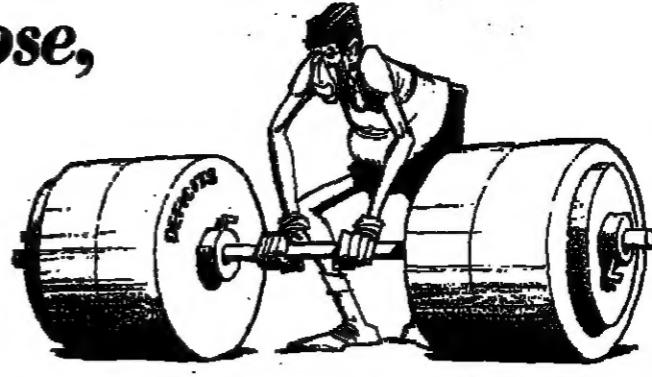
Economic panics defuse easy analysis. But the stock market panic is just that — a stock market panic.

The question now is whether the stock collapse portends an upheaval in the real economy of jobs and production. In the end, the stock market mostly reflects what happens in the real economy; its influence on the economy is secondary.

The parallel with the 1930s becomes relevant. The 1987 market collapse is roughly the same size as 1929's. What is forgotten is that by early 1930, stocks had staged a substantial rally. The Depression deepened only because governments could not cope. America did not protect its banking system. Protectionism flourished. Cooperation among nations was modest. Major nations were on the gold standard, and each acted to protect its scarce gold reserves. Similar mistakes today would be disastrous. West Germany and Japan need to expand their economies to help stimulate the rest of the world. The United States needs to reduce, gradually, its large budget deficits. Everyone must avoid protectionism.

The fabric of economic confidence is strong. But once torn, it is hard to mend. The stock market collapse is only a preamble. To what? No one knows. What counts is how consumers, businesses and governments react.

Newsweek



The EC Case For Making G-7 Into G-8

By Giles Merritt

B RUSSELS — With the world still watching the stock markets and holding its breath, the questions surrounding international monetary cooperation and surveillance become more urgent than ever. But any move toward even closer monetary and exchange rate surveillance is liable to raise the vexing question of whether the entire European Community should now be allowed to join G-7, that most exclusive economic club.

The EC Commission in Brussels, backed by a majority of EC member countries, says yes. The G-7 members — the world's seven richest democracies — so far have been unconvinced. The commission's view is that it has a vital role to play within the monetary and macroeconomic policy cooperation framework afforded by G-7. And that the stock market crisis reinforces its case. But skeptics say that the EC body has neither a currency nor an economy under its direct control.

The story of the EC's bid, and the difficulties and snubs it has encountered, is perhaps most eloquently told by those awkward and stiffly posed photographs of world leaders that are taken at the end of summit meetings. At center stage stand the stars: Reagan, Thatcher, Mitterrand, Nakasone, Kohl. They are flanked by the Italian and Canadian leaders. At the edge of the picture is a bespectacled man who somehow looks in the group but not of it. He is the president of the European Commission, Jacques Delors.

Ten years ago his predecessor, the British politician Roy Jenkins, won a place at the summit table for the European Commission as representative of the EC. Thus there are eight participants in the annual seven-power world economic summit meetings.

Mr. Jenkins gained the European Commission's seat by pointing out that Brussels is responsible for all the EC's international trade negotiations and conducts them on behalf of the whole community. He also argued that while Britain, France, West Germany and Italy were participants, their smaller EC partners were excluded. It was a convincing argument. So why did it fail to persuade a second time when Mr. Delors proposed at last year's Tokyo economic summit that the EC also be admitted to G-7?

The chief reason was that President Ronald Reagan said no. He told Mr. Delors that there was no room in the club that had been formed in September 1985, when Japan, Britain, West Germany, France and the United States met in New York and agreed to drive down the overvalued dollar.

To be precise, Mr. Reagan said that the original membership of that meeting was to be extended to include Italy and Canada, and he reportedly offered Italy a choice of stepping down in the commission's favor. Britain supported the U.S. veto, while France and West Germany favored the EC application but chose not to make an issue of it.

Thus G-7 became G-7, but not G-8. Yet there seems little logic in keeping the EC Commission inside the framework of the seven-power economic summits but outside the same countries' system for monetary cooperation and exchange rate surveillance.

The European Commission has by no means abandoned its membership bid. It has a number of points to make in support of its case:

• Because of the European Monetary System (EMS), it represents a comparatively cohesive bloc of economies and currencies.

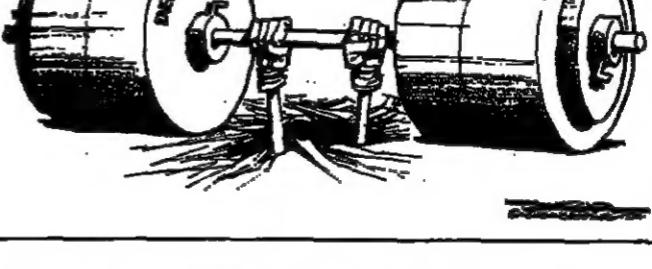
• It is at the center of the EC's efforts to concert economic policies and promote economic convergence.

• Regulating international finance is directly linked to the major trading countries' concern to settle international trade problems.

— a former French finance minister and a veteran central banker — being able to take the place he so covets within G-7 Washington, to judge by Treasury Secretary James Baker's recent statement at the joint meeting of the World Bank and the International Monetary Fund, increasingly looks upon G-7 as an integral part of the same structure as the annual seven-power world economic summits. That possibly means the Reagan administration will be softening its opposition.

Mr. Delors is letting it be known that he will be playing his line closely. His subsequent political career in Spain, first in a cabinet and later in a party that stood resolutely on the side of press freedom, as well as his more recent stands, give hope.

International Herald Tribune



A Soviet Turnaround May Let the UN Work, at Last

By Flora Lewis

PARIS — The assurance of a new director-general for UNESCO comes when there are glimmers of hope that the United Nations itself may be pulling back from the misnia in which it floundered for nearly a generation.

OPINION

In That Crash, the Age of Reagan Ended

By Anthony Lewis

BOSTON — That noise you heard was not just the crash of the stock market. It was the crumbling of public support for Ronald Reagan.

In a moment of frightening crisis, the president of the United States was treated as essentially irrelevant. The financial experts and politicians who appeared on television, people of both parties, showed no expectation of leadership from Mr. Reagan. It was as if they were embarrassed to mention his name.

The reason for the disregard is no great mystery. Practically no one in the United States, not even those who admire Mr. Reagan as a person, thinks he has any sense of economic reality. Put it another way: It is fun to live in a fabled world with a song-and-dance man as long as reality does not intrude. When it does, the wave and the gun do not count for much.

The age of Reagan is over now, no matter what happens to the stock market. People are not going to forget Monday, Oct. 19. They are not going to forget the feeling that things were spinning out of control and that they could have no confidence in this president's grasp of the situation.

And it was not just that Monday. For some time Americans have had an uneasiness about the state of their country: an inchoate fear that lurked in their thoughts when they were interviewed in depth in attitudinal surveys. The uneasiness was there despite all the positive economic indicators.

They suspected that they were living in an economic fantasy. That is my guess.

They were being told again and again that they and their country could have something for nothing, wealth without paying for it. And they did not really believe it.

The charm of Ronald Reagan fronted for the snake-oil salesmen of the New Right. They invented Reaganomics: the notion that the government could cut taxes drastically, increase its defense spending enormously, then spend its way out of the deficit. They preached that the market could solve all problems, that government regulation must go. The president was the perfect front man, because he believed it.

"He believes that he can think a thing true and it will be true," Jim Wright, the speaker of the House, said in a breakfast meeting with reporters last month. "He has a capacity of psyching himself up into a frame of mind in which he can utterly reject factual data if they do not conform to his preconceived notion. He is ignorant of the facts of which a president should be aware, and willfully so."

A good many Americans will no doubt continue to feel affection for the president even as they recognize his distance from reality. But I do not think he can recover the political hold he had on the nation for so long. The essence of presidential power is public confidence and there can be no confidence in a president perceived as irrelevant.

Some will feel sorry for an aging politician who has lost his grip. But what

Mr. Reagan has done to the United States seems to me to exclude sympathy.

He was a president with tremendous political support, one who had Congress jumping to his tune for four years and more. Yet when it came to the economic issues crucial to his country, what did he do with that power? Nothing. He squandered the opportunity. He talked about reducing the budget deficit but in fact ran up the biggest deficit in history — more in total than all the presidents before him. He "preached one thing and did another," the former secretary of the Treasury, William Simon, a conservative Democrat, said the other day.

Mr. Reagan did nothing, either, about the trade deficit. He boasted about a prosperity that was in fact maintained by foreign money: \$150 billion a year buying up U.S. property and securities. Everyone knows that cannot go on, and what happens when it stops? Mr. Reagan's idleness has made more likely a protectionism that will breed economic disaster for all, it did in the 1930s.

The Great Communicator does not even communicate anymore. To deal with the market crash he shouted a few anodyne remarks over the roar of a helicopter.

"Someone has to take charge," the Senate Republican leader, Bob Dole, said after the crash, probably without irony. The public will certainly feel that way now. The presidency awaits a candidate of either party who can persuade the voters that he will confront economic reality — who can renew public faith in leadership.

— *New York Times*



Canadian Sensibilities

On a recent visit to Montreal, my first in many years as an expatriate, I encountered some of the pride and *gentillesse* evoked by Hano Koning in "Living in Montreal: 'Bien Dans Ma Peau'" (*Meanwhile*, Oct. 9). One is happy to see such a civil city receive such praise.

But the factual errors make me wonder how attuned Mr. Koning is to the political and cultural sensitivities that traditionally sour Montreal's civility. The air force officer was right to resign if he was sick of toasting "La Queen." She is the head of the state to which Canada's unified military forces are meant to be loyal, no matter how inappropriate that situation — indeed the whole idea of European-style nations — may be in North America.

Quebec has not opened its doors, generously or otherwise, to immigrants. The doors are not its to open. Immigration is controlled by the Canadian government, which is now introducing measures somewhat less generous than in the past. What has been generous is the relaxed attitude Canadians, unlike Americans, have about forcing immigrants into a "melting pot" — except in Quebec, where, perhaps justifiably, French is imposed rather more aggressively than,

say, English is imposed in Toronto.

And I wonder about the editor Mr. Koning mentioned who thinks there is "nothing" between Montreal and the North Pole. He was forgetting the several Indian and Inuit nations who get in the way, sometimes quite literally, when large power dams are to be built. The Quebecois have sometimes been less sanguine about the survival of these other cultures than about their own.

Finally, Antoinette Maillet did win the Prix Goncourt, but she (not he) is Acadian, not Quebecois. That culturally distinct Francophone community of the eastern provinces is tired of seeing Canada's "French fact" equated with the political aspirations of one large province, however delightful its metropolis may be.

DEBORAH MacKENZIE

Brussels.

Tripping Over Greek Roots

Regarding "Finding the Roots of Modern Greece" (*Sept. 4*) by Alan Cowell:

Mr. Cowell might try to find the missing link between the wonderful race that populated Greece of around 500 B.C. and the Greeks of today and come to the conclusion that somewhere in the course of history something went amiss.

Quoting Emilio Bouratinos, the Greek

cultural assistant in the U.S. Embassy, he writes: "Today the best one can see in plays and books is a reflection of Western philosophy, Western theater, Western music. So what is particularly Greek? The bouzouki?" And further on, "Between the bouzouki and Mozart there is no bridge."

Mr. Bouratinos seems obsessed by the bouzouki, which was imported by our oriental friends. And while Mozart was composing his symphonies, concertos and operas — highly appreciated by the "westernized" Greeks of today — and being financially supported by some wealthy aristocrat or other, in Greece every liberty of thought and expression, far from being encouraged, was considered a crime.

Besides, Mr. Cowell seems to ignore such Greek composers as Pericles Yannopoulos, who struggled for the national music academy "because we have the freedom to create what we want," withdrawn influence from either West or East. And what about operas composed by Manolis Clomiris on singularly Greek subjects and not on some cheap novel libretto ("La Traviata," for example).

As to the subject of language, much ink has been wasted in proving that modern Greek is not a continuation of ancient Greek. It is a fact that language is alive and evolves. Italians don't

speak Latin. None of the English would understand Old English. So why should we, above all, have to prove our culture, our origins, our philosophy?

It is easy to criticize those we consider inferior. And when Mr. Cowell has found the roots of modern England, I'd be interested in seeing the result.

EVA GHOULAS

Niederanven, Luxembourg.

The Silence From Manila

Three radio stations were closed for "glorifying the enemies of government" and "transmitting the propaganda of right-wing rebel groups." Was it in Manila, which President Reagan pledges to fight until "full democracy is established"? No, Manila (*Agence France Presse*, Oct. 18). Clearly, any government will take measures to protect itself against attempts at its overthrow.

LEONORE SUHL

Paris.

They Were Deeply Moved

Denis M. Blakely's column, "When the Movers Show Up, Say a Prayer and Serve Tea" (*Meanwhile*, Oct. 6), really hit home. We've made a few moves over the years and, yes, you do meet up with

some real winners. We have resigned ourselves to the fact that any time we move there will be some damage to our goods. But we have just moved to Hong Kong, and when our air shipment arrived we found an inordinate amount of pilferage. This is something we never dreamed would occur. Boxes were opened and completely emptied or items selectively removed. Still in shock, we have been saying a novena in hopes our surface shipment arrives intact.

ERNEST AND ROSALIE CICOGNA

Repulse Bay, Hong Kong.

NATO Is Because Stalin Was

Vladimir Alexeev, in "A Rebuttal from Moscow" (*Letters*, Oct. 8), criticizes A.M. Rosenthal's opinion column on glasnost. "Four Glasnost Standards for Gauging Soviet Change" (*Sept. 28*). Mr. Alexeev says the column fails to mention that numerous U.S. bases ring the Soviet Union and that the Warsaw Pact was a response to NATO.

Mr. Alexeev, as do others, even in the West, conveniently neglects to recall the original reasons for the U.S. bases and NATO. When all the world rejoiced at the end of World War II and looked forward to a lasting peace, Hitler

was ruthless expansionism was replaced by Stalin's Czechoslovakia, Poland, Lithuania, Ukraine, Yugoslavia, Hungary, Finland, Latvia, Estonia and Bulgaria did not freely elect their governments. Mr. Alexeev should read "The Rape of Poland" by Stanislaw Mikolajczyk to be reminded of how it started.

NATO was a reaction to Russia's aggression, a defense, not an offense. If the U.S.S.R. would take action to reduce its threat to the world, it is certain that NATO would respond in kind.

CHARLES J. GIBOWICZ

Madrid.

The Dragon and His Wrath

Reading the editorial "Best Leave Nessie Alone" (*Oct. 15*), I was reminded of the immortal wisdom of the literary figure most familiar with monster lore, J.R.R. Tolkien, who, when commenting on the monsters in "Beowulf," scolded the critics (and doubters) of monsters.

"A dragon is no idle fancy," he insisted. Or, as Bilbo Baggins put it in "The Hobbit," "Never laugh at live dragons. Nessie's hunters should be aware of this wisdom before ever again daring challenge her existence, or her."

BENJAMIN BLATT

Paris.

The writer is a member of the Japanese Diet and a former education minister. This article, from the monthly *Chuo Kuron*, was distributed by The Asia Foundation's Translation Service Center in San Francisco.

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International Herald Tribune

TRAVELER'S CHOICE

Cairo's New Underground Railway

Cairo now has a subway, the first in Africa, and the first in the Middle East as well. The 17-mile stretch, which began carrying passengers at the end of last month, is the first section of the first leg of a system that will have three legs and connect the city's suburbs to downtown. Cairo is a commuter's nightmare, with rush-hour traffic sometimes forcing a driver to spend an hour traveling less than 10 miles. The subway system is expected to alleviate some of that crush. The first stage of the new line runs from Helwan, an industrial suburb south of Cairo, to Ramses Square in the center of the city.

Hard Words for Women Travelers

■ And now, a phrasebook for traveling women. In addition to the usual translations like "How do I get to . . . ?" or "How much does it cost?" "The Wander Woman's Phrasebook" teaches a traveler to say "Is it safe for a woman by herself?" or "I won't buy anything if you pester me" and "Would you like to walk in the moonlight?" in French, German and Italian. The author, Alison Owings, a television newswriter who has traveled widely, said that the book was meant to give peace of mind to women—single or in groups—traveling abroad. So she translated phrases like, "I'll call the police" and "I would like to get home safely." But there's also a strong bit of tongue-in-cheek here. Consider these phrases: "I'm not interested." "Stop following me." "You are an insult to your country." From bookstores or by mail (\$7.64 including postage) from Shambhala Husky Press, Post Office Box 3092, Berkeley, California, 94703.

Japanese Maze Craze

■ The Greeks had a sinister use for them; Tudor gardeners thought them decorative. Now the Japanese, the world's most avid and dedicated tourists, have revived mazes as a means of entertainment for the visitor to Japan who longs for confusion amid all the order. Thousands of people, day after day, are finding themselves trapped like laboratory rats in miles of labyrinthine paths, scampering this way and that, turning and returning, dead-ending and false-starting, seeking to escape from a race against time. And they pay for the privilege. "The purpose," said Mary Jayne Testa, a spokeswoman for the Japan National Tourist Organization, "is sheer pleasure, not?" Apparently so. A lot of people are willing to pay the \$3 fee that most of the 20 or so outdoor mazes charge. The owners of one maze expected 5,000 people their first year (1986) and attracted 380,000. Another maze set a record of 7,490 wanderers on a single day last year. "The object," Testa said, "is to get through the maze as quickly as possible." On average, it takes 45 minutes to escape or give up. Each maze has a theme—such as the Paris-Dior Maze in Tokyo and the Sherlock Maze in Osaka.

Vatican Coin and Stamp Museum

■ The Vatican has opened a museum of coins and stamps in the Borgia Tower, accessible through the St. Ann entrance to Vatican City. On view are papal coins dating to 1929 and stamps issued by the Vatican since 1850. The museum will also exhibit tools and materials used in making coins and printing stamps. It is open Tuesday, Thursday and Saturday from 9 A.M. to noon, except on Roman Catholic feast days. Admission is free. Vatican stamps and coins can be bought either at the Philatelic and Numismatic Office in the Governorship's Palace or the Vatican Post Office on St. Peter's Square.

Winter Weekends on the Riviera

■ The French Riviera began its history as a tourist center as a winter retreat for rich English people fleeing the rain and fog at home. Average high temperatures in Monaco, Nice and Cannes are in the 50s and low 60s and there is usually lots of sunshine. Now the French are making an effort to relax the idea to the American traveler. From November through March, Air France is offering a long-weekend package that includes round-trip air fare and choice of two hotels. Flights leave New York every Thursday, returning the following Tuesday. The package includes four nights at either the Loews Monte Carlo or Loews La Napoule near Cannes, Continental breakfast and a dinner and show. Price: \$779 a person. The airline is also offering "Monte Carlo Magnifique," a one-week stay in Monaco, including round-trip air fare, rental car for a week and Continental breakfast for \$949.

Mass Musical Chairs in Singapore

■ After getting a premier, a cat, a choir, a runner, a horse and a violin in the Guinness Book of World Records, Singapore hopes to get in again, for musical chairs. The Singapore Tourist Promotion Board says that it will stage a mass event with 6,000 people on November 15 to surpass the 1985 record of 5,151 people by Notre Dame University of the United States. The mass musical chairs will be the highlight of this year's Merlion Week, a week of outdoor activities aimed at tourists from November 14 to 22 and ending with the World Powerboat Grand Prix. The musical chair contest could last up to four and a half hours with 100 chairs removed each time the music stops and with three-minute intervals until the numbers are down to 100 chairs. An organizer said that from the last 100 chairs, only one chair will be removed at a time. The starting number of chairs is 5,900.

Best Business Hotels Guide

■ The term "business hotel" conjures up visions of those soulless temples of glass and concrete, their long empty corridors lined by little boxes and bathrooms, where weary whiz-kids put themselves away in boring uniformity after a hard day's jetting and dealing and before the next. People use these places because they are "convenient" to airports or convention centers, and offer, say, the computer linkups and other services a modern business traveler may require. A new guide, "The World's Best Business Hotels" (published in Britain by Bloomsbury) selects more than 500 establishments in 84 countries, at varying levels of fame, cost and size and luxury, avoid the worst of that syndrome, including the curse of what it calls the "boisterous conventioners" who tend to take over a place. Too many travel guides, says the editor, financial journalist William Davis, are written for tourists and ignore details vital to business travelers. His guide gives a small sketch of the facade or some characteristic detail of each hotel (a terrace at the Great Wall Sheraton is shown here) and lists such facilities as telex, interpreting, conference rooms, sauna, massage, and health clubs. It also carefully pinpoints the location.

TRAVEL

- The Last Northern Frontier
- Commuting to France
- The Frequent Traveler

Seeing Europe Through Scaffolding

by Steve Schneider

CROSS a border of any sort, and the world is largely invented anew. Restaurants may exist everywhere, but menus, fork designs and waiter's outfit make regional shifts. Mountain ranges display individual profiles, while pant legs never fall to the same length. A smile is a smile in one land, but a snarl in another. A timetable turns into an horain even while describing the same line. An Austrian oboist plays in his own patois, sidewalks vary radically in width and even copies of Raphaels subtly betray the paw prints of their copycats.

Yet, there is one thing that ties together the traveler's mad flux of experience, an unavoidable something that gives the wildly variable world a measure of coherence. It is an anonymous and reticent presence, and one that is forever taken for granted. Yet it represents the fruit of centuries of widespread development. In fact, I seem to remember seeing, in Vienna, an illuminated manuscript called "The Moralizing Bible" that dated back to the distant 13th century, and even then, it was there: One large and elaborate illumination took its glory from its intricately detailed rendering of a scaffold.

This was, of course, a tumbledown wooden structure—wantonly shedding aghast workers in illustration of an accident at a building site—and as awkward an ancestor of the sleek modern models as an oxcart is of a Chrysler, with options. But there it was, a scaffold stiff and tall, put in place by its crafty illuminator as a point of reference for his viewers, so that even this fraught image would contain something familiar and could therefore be received with empathy. This was created by one artisan who knew what it took to make his work mass marketable in those medieval days. In fact, it's a trick that is returning to favor among photographers today: Increasingly, tourist brochures, official postcards and the like sport pictures of city vistas in which scaffolds rise meter for meter with the town's preeminent towers and spires. The wondrous coexist with the familiar. Astonish them with architecture, these pictures say, but also reassure them that they have not quit the known world.

These reflections were prompted by a recent trip to Prague—that unsinkable city where the richness of the past italicizes the impoverishment of the present. After walking through the black and massive stone tower that serves as a gate to the old town, my gaze fell on a nearby building, and I found myself struck with the thought, "Ah, I didn't know Christo had a project going here." Soon enough, it came to me that he didn't, and that I was looking up with admiration at the taut curtains of numerous plastic that enfold some of the more advanced forms of scaffolding.

These reflections were prompted by a recent trip to Prague—that unsinkable city where the richness of the past italicizes the impoverishment of the present. After walking through the black and massive stone tower that serves as a gate to the old town, my gaze fell on a nearby building, and I found myself struck with the thought, "Ah, I didn't know Christo had a project going here." Soon enough, it came to me that he didn't, and that I was looking up with admiration at the taut curtains of numerous plastic that enfold some of the more advanced forms of scaffolding.

Still, scaffolding gives, as well as takes away. The Nelson Column, in London's Trafalgar Square, is due to make a proud reappearance at the end of the month, after nine months of scaffolded renovation; likewise, Big Ben, following over two years of grooming, now looks its nastiest since 1934, when it last came out from under covers. In Florence, the Loggia dei Signori, the great outdoor sculpture theater, is outdoors no longer. But the stately 14th-

The Associated Press

Scaffolds embody key features in the development of Western art, containing formal allusions that span centuries. Above, scaffolding at the Cologne Cathedral, and, right, the statue representing the city of Rouen at Paris's Place de la Concorde.

Daderot

A Walk in Mountains Where Beaufort Is Made

IT IS sunrise of the 110th day, just after the feast of St. Michael, and on the slopes of the Versant du Soleil everyone is eager to get on with it. A majestic veil of mountain fog hovers about the Savoyard chalet and steam rises from within, as the copper cauldron of fragrant, fatty cow's milk churns away a crackling fire.

It is the final day of the season, and the last time this year the montagnards will be

PATRICIA WELLS

making butter-yellow Beaufort, the prized cheese that has been called the king of the mountain, the prince of Gruyères.

At 1,700 meters (5,570 feet), a carpet of ground frost is a sign of approaching winter. The montagnards who have spent the summer and early fall here feel it, the farmers who have come up from the valleys feel it, and the hazelnut-brown cows that have just completed their summer mountain "cure" feel it. It is the moment of the fall transhumance, the daylong trek from the mountain pastures down to the warmth of the barns in the Isère valley.

As Beaufort tradition dictates, independent farmers with 10 or 12 cows each group them from late June to early October, and

the Tarine and Abondance cattle rove in herds of 100 or more from mountain pasture to mountain pasture, feasting on wild violets and flavorful thyme, grasses that help produce the milk that goes into one of France's finest cheeses. And for those 100 to 110 days each year the montagnards live with them up at 3:30 A.M. for the morning milking, then to make the giant wheels of cheese, and to repeat it all once more before the sun sets.

LATER, the 60-kilogram (132-pound) cylinders of Beaufort will be transported to the cooperative in town, where the cheese will rest not for days or months, but up to three years. The wheels will be rubbed with salt every three days, turned three weekly, resting on dry pine planks at 11 degrees Centigrade (about 52 Fahrenheit). At its finest, the Beaufort will taste faintly of hazelnuts, of fruit and fresh mountain flowers. There will be no holes just fissures, and on the tongue it will break cleanly and clearly, with a pleasantly grainy texture.

Beaufort is also a rare cheese, representing only 1 percent of all French Gruyères. Each year, France produces some 190,000 tons of Emmental, but only 2,500 tons of Beaufort. (Unlike Switzerland, whose Gruyères

valley is the source of the name, in France Gruyère is a generic name applied to a family of cheeses including Emmental and Beaufort.)

By 7 A.M. of the 110th day, the descent begins, and we move off in compact groups, three or so farmers with every 20 or so cows. For most, the walk will take the better part of the day, covering 25 to 30 kilometers of descent from fog into brilliant sunshine, the deep navy-blue mountains to our back. Through pine forests and across raging mountain streams, we pass patches of wild myrtles, or blackberries, examine the debris that remains from a pack of wild boar, step upon tender clumps of the bitter, wild dandelion greens that grow in abundance.

At times the paths are ready-made and we move with ease. Then suddenly there is no path at all, and we stumble along at a gait that is more a run than a ramble. Who is leading whom, one wonders, as the cows eagerly beat a path back home.

By 9 A.M. we begin to shed layers of clothing as the sun burns off the fog, and in a pasture dappled with tiny purple crocuses we stop for a multicourse communal snack. Out of worn leather backpacks come bottles of white wine and red, thin wands of homemade pork sausage and slices of

mountain ham and Beaufort d'alpage, wrapped in yellowing newsprint, baguettes and pain de campagne, tins of pâté and bars of bittersweet chocolate. The farmers, young and old, male and female, chat away, tossing snacks to the family dog that has come to shepherd us.

THROUGHOUT the day, conversations stop and start, cut short by a wandering cow, a thirst-quenching stop in a village, a moment to admire a well-built community bread oven.

The setting is calm and bucolic, but there is an uncomfortable undercurrent. The communal mood, the thoughts expressed and unexpressed are those of discontent, confusion, even betrayal.

André Roux-Daigle, the small, dark-eyed farmer who has brought us to this mountain, is typical of many 20th-century farmers caught in a squeeze of generations, of conflicting values, lifestyles and goals.

The problems are many. For his father, generation, arguments still revolve around the question of artificial insemination of the cow's cows, the worthlessness of daylight saving time, and the dangers of dairy cattle milking machines, issues most city folk thought were solved decades ago.

While the young Savoyard farmers try to defend their newfangled ways to the mechanized milking machines were brought to the mountain pastures this summer, and bottled gas, not pine logs, is used to heat the copper cheesemaking caldrons—they are struggling with even more basic issues of survival.

Quite simply, no one wants to do this work anymore. Offers of free schooling for young men who want to learn cheesemaking go begging. The long days and remote life of the montagnard no longer appeal to youngsters who reject the lifestyle as archaic and who would frankly rather be skiing. Up on the Versant du Soleil this summer, one cheesemaker came from North Africa, and in the valleys below the farm hands come from Portugal. What do these men, say the locals, know about our Savoyard tradition?

And now the government, in the name of the European Community, is beginning to talk of quotas. Meaning if you want to make more money by increasing your herd or boosting milk production, you are simply not allowed to.

"Too much milk! Too much milk! That's all we hear," cries André Roux-Daigle, angered at the thought that the rich, golden raw mountain milk produced by his prized

Tarines is compared to the thin, watery liquid of the black and white Holsteins that are beginning to show up in Savoy mountains.

"They're not cows, they're milk machines. Besides, they're foreign," he sighs in disgust, repeating the rural French adage "Il faut chauffer du bois du pays," use local wood to keep the fires going.

WHILE his father's generation saw the battle as their region against the lawmakers in Paris, the young men now see the enemy as farmers in Germany and Spain.

Like his neighbors, Roux-Daigle practices mixed farming: Orchards of apples and walnuts supply a portion of the family income, while in the winter months his mother continues to make twice a day, the small rounds of fromage de Savoie that age in their cellar. This year their summer mountain Beaufort, aged at the cooperative, sold so rapidly there is none left on the shelves.

Although one part of him wants to continue the quiet rural lifestyle of his parents, another part looks toward the growing tourism of the region. A cheese boutique, a snack shop for skiers, a roadside creperie are on his mind.

The transhumance continues, moving into the valley, passing rich vegetative gardens with winter leeks and cabbage, bright orange pumpkins and rows of tender greens. We hike to a symphonic clang-clang of cow bells, stop traffic in the town of Moutiers and move back up the other side of the valley toward home, the cows stopping to grab the ripe renette apples off the trees and search for wild flowers in patches of pasture. Along the way, a slim young woman in a bright red car stops to let the cows pass. In her back seat is a six-pack of low-fat milk—the kind with a 100-day shelf life. The contrast, and irony, do not go unnoticed.

André Roux-Daigle, "Les Empires," 73260 Aigueblanche; tel: 79.24.33.25. At the farm, for Beaufort and farm-made fromage de Savoie.

Cooperative Laitière du Beaufortin, 73270 Beaufort-sur-Doron; tel: 79.38.33.62. Beaufort sold at the cooperative. Will ship in France.

Cooperative Affinage Beaufort, Avenue de Tarentaise, 73210 Alme; tel: 79.35.61.68. Beaufort sold at the cooperative. Will ship in France.

Priority to the cows in the Savoie.

Patricia Wells

TRAVEL

THE FREQUENT TRAVELER

A Few Nasty Surprises
In Rental Car Insurance

by Betsy Wade

NEW YORK — On March 6, Michael Weiner, a 21-year-old Columbian engineering student, went to Florida for a vacation and rented a car there. His father, Frank J. Weiner, a lawyer in Boston, has selected Value Rent-A-Car for Michael because it was then offering a rate of \$129 a week, with payment for the collision damage waiver included. The collision damage waiver, usually with an extra cost of perhaps \$9 a day, is not insurance, all rental companies insist, but merely waives their right to recover from the renter the cost of any collision repairs.

On March 12, as Michael was making a right turn in Boca Raton, his rented car struck a lamp post. He was cited on the spot by a deputy sheriff of Palm Beach County for careless driving and paid a \$50 fine. The car was towed and Michael did not see it again. After he went back to school he took an approved driver education course in lieu of returning for trial, his father says, and the authorities in Florida reported that "adjudication was withheld" on the citation. His son is neither guilty nor not guilty.

Before this, however, Value declared that the automobile had been operated in a "careless" manner, a condition that the Value contract says will void the collision damage waiver. Value refused to pay for the damage.

Despite protests from Michael's father and the Weiners' insurance broker, Murray Liverman of Chestnut Hill, Massachusetts, their insurance company, Travelers, paid Value the \$4,331.58 that it demanded, mostly for a long list of repairs but including \$384.31 for "loss of use" of the car.

One result is that the Weiner family's auto insurance costs will rise at least \$50 a year because of payment of a claim larger than \$500. In addition, Liverman says, the policy's safe-driving rating has been lost, and this will further raise the premiums. Had Value paid, the carrier would not have raised the premium on either count, he said.

Frank Weiner said he always takes the collision damage waiver anyway, because he has encountered rental outlets that otherwise put a charge for a deposit of several hundred dollars on his credit card. In addition, he lives in Massachusetts and the insurance commissioner there issued a permanent and unusual interpretation in November 1986. This held that automobile insurance policies written in the state did not provide comprehensive coverage — coverage for loss by theft, fire or vandalism — for a rental auto unless it was being rented as a substitute while the owned car was inoperable.

In short, Weiner had intended to buy the waiver for his son's rental, and selected Value because it was providing this coverage for the basic rental price. After the accident, Value declared its waiver void under its own contract terms, and the insurance company ended up paying a large amount although it never got a chance to see the auto or to defend its client in any legal proceeding.

Weiner has complained to Value and its lawyer and to the Florida Department of Agriculture and Consumer Affairs. His anger is mainly aimed at Value's unilaterally declaring that his son drove carelessly, although no court has ruled.

Liverman says he fears other rental companies will soon include the word "careless" in addition to the more usual "negligent," "abusive," "reckless" or "wanton" as descriptions of driving that void their waivers. If that happens, Liverman wrote, "It will become virtually impossible for them to be responsible for damage to their vehicle."

If insurance companies end up with the

burden anyway, they can be expected to be hostile to the rental companies' selling coverage at an unregulated daily rate; two years ago it was estimated that, if all renters bought the waiver, it was worth more than \$1 billion a year to the companies. But the insurance companies' distaste may go further. One insurance broker in Florida, not connected with this case, said that, if his company must end up with the responsibility anyway, he'd prefer to get it in the beginning, because, at least the company would get a prompt call and "we can get a look and an estimate."

On another aspect of the issue of responsibility, Value's contract says that tires and glass are not covered by the collision damage waiver in any case. This exemption is not common, but may be spreading. J. Russell King, an editor for The New York Times, rented a Budget auto at the airport in Portland, Maine, last spring. It developed a flat tire an hour after he left the airport, and when he called Budget, he said, he quickly received a replacement auto. When he returned the car a charge for \$87.45 for a new tire was included on his account. The counter agent pointed to a stamped notice on the counter copy of the contract saying that glass and tires were not covered. This notice did not appear on the client's copy. After letters to the Portland Budget franchise, its parent company and his credit card company, King got the tire charge wiped out.

Getting an overcharge removed can be tedious. A woman who rented a car for a month from Alamo in Tucson, Arizona, in February at first accepted the collision damage waiver, but then called her insurance agent, who told her she was covered and did not need it. She returned to the rental office to amend the paperwork, and after what she describes as a "hard sell" had the option eliminated from her agreement. The charge for the waiver was put on her credit card anyway and not corrected until the following month.

At a September meeting of state insurance commissioners in Pittsburgh, the commissioners' counsel, in a closed meeting, discussed the recurring question of regulating the sale of the collision damage waiver. The situation is alive in New York. Martin Minkowitz, deputy superintendent and general counsel in the New York State Insurance Department, says that in January the state attorney general declared the sale of the waivers to be "the doing of insurance," which could be regulated. The major auto rental agencies went to court to prevent this. The department sought a dismissal of the case but failed. Minkowitz says, so the matter is now being fought out.

Thomas A. Dickerson, a New York lawyer who specializes in class action cases in travel law, says many of the provisions of auto rental agreements are "unconscionable," meaning that they would shock a court. "Unconscionable," he said, is a pivotal concept in consumer-protection laws.

He is not a fan of the rental companies. "In essence," he said, "they terrorize consumers with visions of dire consequences unless they pay unnecessary fees which guarantee that rental car companies will not enforce legally unenforceable clauses."

However, he concurs that it takes some doing to go to another state and fight a case. Short of state regulation, he said, the only likely course is going to court under a state's consumer protection act, charging fraudulent, deceptive actions and false advertising and seeking treble damages plus lawyer's fees. Those damages, he said, might justify the trouble.

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Baffin: The Last Northern Frontier

by David Leitch

IT BECAME clear soon after takeoff from Ottawa that we were heading for a Last Frontier when two men in lumberjack shirts sitting across the aisle ordered steak and eggs washed down with Wild Turkey for breakfast.

Our journey was about 1,200 miles (almost 2,000 kilometers) north to Frobisher, rechristened Igloolik last January as part of the same policy that has replaced the (supposedly pejorative) word "Eskimo" by "Inuit," Igloolik, which means "many fish," is the gateway to Canada's eastern Arctic and the principal community of Baffin Island. As we descended flying low along the narrowing funnel of Frobisher Bay the landscape was suddenly revealed as startlingly barren and alien as those first 1960s close-ups of the moon surface.

We had long passed the tree line, hidden beneath the cumulus. Now you could see the white caps of baby icebergs; hillocks tipped with snow that evidently never melted, even in August; the barest bare rock on the shoreline with no softening trace of any shrub. It is not a hospitable landscape, but there is something beautiful about it, and scary.

You could make no aesthetic claims for Igloolik, a prefabricated and provisional looking community that nonetheless turned out to epitomize several Inuit characteristics, notably an advanced capacity for adapting to a hard environment.

Its other yellow air terminal, completed in 1986 in a style recalling the Pompidou Center in Paris, serves as a surprisingly efficient gateway to the Baffin region and the eastern Arctic.

It is a company town for federal and territorial government as well as a transportation center. The population is on the increase — it's 3,500 today, compared with 2,100 in the 1981 census.

ALL the same, along the main strip you can find three hotels, five restaurants, a bank, a medical center, a radio station, and a drugstore run by an Egyptian called Nader Barsoom, who gets into trouble periodically for making controversial statements to the local paper, the Nunavut News, which publishes both in English and the eastern Arctic language, Inuktitut.

Apart from the airport, the most striking buildings are the recently constructed Baffin Correctional Center and St. Jude's Anglican Cathedral, built in a kind of modified igloo genre. The cathedral is unarguably the only one extant containing a piece of silver donated by the Queen of England and an altar incorporating matched sealskins and narwhal tusks.

When I arrived the prison was still in a state of low-key emergency provoked by what was variously described as a mutiny, a minor disturbance or an act of collective vandalism. There was no argument, however, about the reason for the short-lived unrest. The inmates had staged a protest and smashed a window late the previous Friday night because they wanted to be let out to compete a soccer match.

Since August is still a season of near perpetual daylight their restiveness was understandable — during the short season of high summer even many non-native inhabitants of the Northwest Territories find themselves reducing their sleep to a very few hours without detectable physical consequences.

HOWEVER, working hours still of necessity conform to the day-night pattern of the southern countries and the Inuit, in common with the Lapps in Scandinavia, have in recent years been under pressure to rearrange their own schedules to follow the same pattern.

(They find it hard, and "bad time-keeping" is one of the most general complaints heard about the Inuit in the work force.)



There's not much of the traditional life left.

About two-thirds of Igloolik's population are Inuit and all but a handful live in co-op housing developments. The days of nomadic life dictated by the seasonal habitats of Arctic wildlife are gone, but by no means so long gone that they do not survive in the memories of those of middle age, often carried from parents or grandparents.

Until 1939, when a court decision ruled that they were a federal responsibility, the Inuit, unlike the Indians, were largely ignored by the government. They are accordingly still experiencing a period of astonishing transition. It is observable in Igloolik in a peculiarly raw form.

A few hundred yards along the causeway from the airport, where young Inuit are listening to Madonna on their Walkmen, Henry Evaluarjuk, his wife and baby are living peacefully in their tent.

You can hike on for an hour and experience the summer tundra, where dozens of lichens and mosses somehow flourish out of the permafrost, along with sorrel, saxifrage and willow-herbs with the extraordinary red pigmentation that absorbs maximum heat and ubiquitous puff-balls of arctic cotton which by August are starting to fade.

YOU can take a boat ride to the Qaummaavik park across the sound and visit remains of the Thule civilization. If you can spare a day, go down to the bay by boat to see seals, migrating birds and, if you are exceptionally lucky, a beluga whale.

THERE are three weekly flights "from the south" by which they mean temperate Igloolik, an annual sealift from Montreal in August, or when ice conditions permit.

Fish, particularly the salmon-like Arctic char, seal, caribou and musk-ox, all of which are on the menu in Igloolik's restaurants, still form an important part of the local diet.

Although the process is increasingly expensive those Inuit who have not lost their skill

will still be harvesting them — and combining their harvest with TV dinners and junk food sold in the local supermarkets.

Igloolik is the most developed of the dozen or so readily accessible Baffin Island communities.

Pangnirtung is 35 minutes away by air and just 25 miles below the Arctic Circle. This hamlet with a population of 1,100 quickly makes Igloolik seem like a metropolis. It is the center for the extraordinary wilderness of Auyuittuq National Park, and a reasonably determined hiker can actually cross the circle on foot, thus qualifying for a handsome Order of Arctic Adventurers certificate.

At nearby Kekerten you can view remains from the whaling era, and there is another smaller community at Broughton Island at the eastern end of the park, close by the icebergs of Davis Strait, an area that claims the best game-fishing in the world.

Cape Dorset with its quartzies has the most celebrated soapstone carvers, while Pond Inlet, with a population of 1,000 quickly makes Igloolik seem like a metropolis. It is the center for the extraordinary wilderness of Auyuittuq National Park, and a reasonably determined hiker can actually cross the circle on foot, thus qualifying for a handsome Order of Arctic Adventurers certificate.

This is a community that enforces prohibition very strictly, and abhors what J.A. Huestis, a former sheep farmer from southern Nova Scotia who runs economic development, calls "non-benign tourism." However, by arrangement with an operator called Canada North Outfitting in Waterloo, Ontario, it is possible to arrange trips with a guide called Elijah Eriko, one of a group of Pond residents with the distinction until early this year of being portrayed, grasping a kayak paddle, on the back of the Canadian \$2 bill.

Last summer in Pond they were somewhat taken aback to be visited by a New York corporation lawyer who stayed for a weekend and photographed narwhals and bowhead whales before returning home to collect a change of clothes and fly by Concorde to Heathrow to catch the Wimbledon final.

It is hard to believe that this last North American frontier will last very long.



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David Leitch, formerly a correspondent for The Sunday Times of London, is the author of *"God Stand Up for the Bastards"* and *"Family Secrets."*

Europe in Scaffolds

Continued from page 7

atural supports and tubes, is nothing so much as a celebration of our instinct to surround ourselves with scaffolding — scaffolding in its most fitful form, sweeping and slashing across an otherwise human facade.

But these are merely surface linkages; going just a wisp deeper, it becomes evident that scaffolds are handsomely objectivizations of much that is central to Western thought. They represent a view of history that is both progressive and conservative. Scaffolds proclaim that good work effectively planned can significantly enhance social existence, that life can be made better — more beautiful, safer from falling masonry — through human industry. And they also put forth the comforting notion that the past is retrievable, and, ultimately, worth retrieving. Our heritage can be our inspiration, scaffolds affirm; the future will be richer in the presence

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SUCHWALD
INTHEATRE TUESDAY AND THURSDAY
INCOMPARABLE BARS FROM AMERICA'S
FOREMOST HONORIST

Visiting Geneva? You Can Commute to France

by Thomas Netter

GENEVA — Many people would say one of the best things about living in Geneva is that it is surrounded by France. The Swiss, with their long history of conflicts and enmity with a neighboring territory, might not agree.

The language is the same, but the mentality, the ambience is decidedly different. So are the coffee, the cheese, the wine, the food in general and, most importantly, the prices. Geneva may appear French, but its Swiss organization and order becomes apparent quickly, even to the most casual visitor. France is, well, France, just about wherever you are, even if it's a short commute or an evening out's drive from Switzerland's second largest city.

Genevois who are not of this place but only part of it by their professions or their choice to live here often tend to regard it as a base for further exploration. A friend describes Geneva as a city one can define for what it is not, in this case not a self-contained world of its own like Paris or London or New York despite its cosmopolitan air. It can be crushingly provincial, prompting a food shop owner in as faraway a place as Vaison-la-Romaine in Provence to exclaim, "You mean you don't even have a Fauchon store in Geneva?"

Geneva is indeed closer to the French Rhône Valley and the Côte d'Azur than a Parisian, but for the definitive tastes, sights and smells of France, it's not necessary to go that far. France is effectively Geneva's backyard.

Many of Geneva's best restaurants and most interesting sights are in *la France voisine*, literally, neighboring France, and what the French might equally dismissively call the *France profonde*. For many Genevois and those who visit here, the *France voisine* is a part of their daily life, a place to live to escape the high rents of Geneva, to gamble in the casinos of Eviyan or Divonne where bets above Geneva's Calvin-

istic limits are allowed, or a place to shop for French wines and foods, or eat French meals, either unavailable or prohibitively expensive inside Switzerland's borders.

For those interested in a visit to a typically French provincial village, all that is necessary is to drive through a tunnel under Geneva's Côte d'Azur-Voltaire. This is where Voltaire fled the down Calvinist city, which he called "the city that never smiles," so that he could continue to write and create in peace. The philosopher-author spent the last 18 years of his life in Ferney, giving it nominal literary fame by adding his name in a marriage of his own convenience.

TODAY, Ferney is a town of 6,000, many of them international civil servants working for the United Nations or its specialized agencies in Geneva. Many Genevois, showing an increasing tendency to smile, like to shop there, especially on a Saturday morning when the town's main street, appropriately named the Avenue de Genève, is transformed into a typical French country *marché*. Farmers and vendors from the outskirts erect market stalls bulging with dried meats, hams, sausages, French *Brat* or *firm*, white *chèvre*, dark olives and *confit*. The melange of fresh food that is often unavailable in Geneva and sold at one third to one half the price, blends with the delightfully bracing aromas of Arabic coffee and *Pernod* coming from the rancous cafes to erase all remnants of the big, cold Swiss town nearby.

Nine kilometers east lies the town of Divonne, of somewhat different appeal to the excitement seekers who would trade a food market for a chance at the fairs. The resort boasts the second largest casino in France (fattened by Swiss and Swiss-visitors' purses, to be sure) where "rien ne va plus" goes on from 3 P.M. each day. Since the highest legal bet in Geneva is 5 Swiss francs (about \$3.40), anyone wanting riskier exposure need only make the short trip to Divonne's elegant casino.

The town has some very good hotels and restaurants. Les Grands Hôtels is situated in an old park and has 135 rooms ranging in price from about 470 to 1,000 French francs (about \$78 to \$165). From its terrace, one can see across Switzerland to the French side of Lake Geneva and Mont Blanc.

A place farther into the French Jura where one can forget the bright lights of the big city is the isolated *Auberge des Chasseurs* in Echenevex, outside Gex, 30 minutes away. The auberge provides charming rooms for 150 to 300 French francs, a price that only the poorest of Geneva hotels could hope to match, a swimming pool and a splendid view of the Alps.

But perhaps the most charming of France Voisine's villages is Yvoire. Either by boat from the Quai de Mont Blanc in Geneva during the summer, or by car throughout the year, Yvoire is a medieval village, surrounded by high stone masonry on three sides and Lake Geneva on the fourth. The most outside the 14th century gate built by Count Amadeus of Savoy is gone, but inside is a village of 350 people, flowered windows and open stalls almost completely turned over to tourists in the summer and steeped in a misty, melancholic mystery for the rest of the year.

Yvoire is completely medieval French provincial, a treat for the Francophile's escapist fantasies nurtured in the unforgetting door shadows of Geneva's towers and well-swept, expensive but sterile streets. Yvoire's car-free, cobblestone streets and arched, cavernous restaurants are far from the traffic-jammed, bustling, computer-whirling capital of finance and international policy that is Geneva. One can only read from the historical plaques at the gates of

Royal Trust Expands On Many Financial Fronts

THE only Canadian trust company with an established international presence, Royal Trustco Ltd has consolidated its major acquisition of last year and is rapidly extending its services at home and abroad.

"Our strategy is to meet the needs of our customers," says President and Chief Executive Officer Michael A. Cornelissen. "We have built an international network that gives them access to all major markets. At the same time we are expanding our range of advisory services and our innovative financial products continue to be highly successful."

Established in 1899, Royal Trust's assets under management exceed C\$88 billion. It is Canada's largest money manager, the only Canadian trust company with an established international presence, and one of the most conservatively capitalized financial institutions in the world.

With net income increasing 36 percent to \$154 million

in 1986, Royal Trust ranks as the 19th most profitable Canadian-owned public company. The company's shares are listed on the Toronto, Montreal, Vancouver and Alberta Stock Exchanges, and Class A common shares are listed on the Tokyo Stock Exchange as well.

Last year, in a dramatic move that more than doubled its international operations and boosted its assets by 45 percent, Royal Trust acquired the assets of Dow Financial Services. The company now has 14 offices in most of the world's key financial centers.

Through these offices, and its coast to coast Canadian branch network, Royal Trust provides a full range of personal and corporate financial products and services. These include savings and checking accounts, corporate and private banking, personal and mortgage loans, international cash and asset management, pension and trust products, and global custody services.

The company takes justifi-

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Source: Euromoney Magazine's Ranking of Top 500 International Banks, June 1987

able pride in having met its own tough business objectives for the fourth consecutive year. Record performances saw earnings per share increase 16 percent to \$2.16. Return on equity was 18.4 percent and return on assets was 9.4 cents per \$100, higher than any competitor in Canada and, bar one, the United States.

As an example of its entrepreneurial style, Royal Trust cites the success of its operating subsidiary Corporate Investment Associates (CTA) Inc. This has become an aggressive market-driven operation since it was reorganized two years ago and now manages over \$6 billion on behalf of Canadian pension plans, charitable endowment organizations, insurance companies and pooled funds. Specialists within the group provide expertise in Canadian, American and offshore equities as well as fixed income instruments.

In the highly competitive area of personal financial services, Royal Trust has introduced Market Link, an instantaneous stock transaction service that can reduce transaction costs by as much as 85 percent. Other innovations include the T-Bill Savings Account which differs from similar products by paying interest on average balances and giving instant access through automated banking machines.

According to Mr. Cornelissen, Royal Trust has won further new customers with its Gold MasterCard, the only credit card in the Canadian market to offer a 1 percent discount on purchases. "This card also offers one of the lowest interest rates available," he said. "The number of new cardholders has doubled our projections."

The company also manages Canada's largest portfolio of no-load mutual funds, with assets of \$1.8 billion. The range includes nine mutual funds and three combination funds called Advantage Funds. The Mortgage Fund, investing primarily in high quality residential first mortgages, is the most popular.

Royal Trust is affiliated with the Toronto-based Trilon Financial Corporation.



Michael A. Cornelissen, President and Chief Executive Officer of Royal Trustco Ltd.

This diversified financial services company, which owns approximately 50 percent of the company's common shares, is the financial services arm of Brascan Limited. Brascan, a major public company with operating affiliates in the natural resources, consumer products and financial service sectors, is also based in Toronto.

Looking at the future, Mr. Cornelissen said Royal Trust will focus on those market niches where it has proven strengths. As he explains: "By concentrating on customer service, on excellence in administrative systems and providing value added products and services, we seek to maintain our leadership in today's highly competitive but exhilarating financial environment."

endowment insurance combines annuity insurance, collateral credit and advances against policies to offer the investor maximum flexibility," Ms. Wemelingen said.

International asset protection services have also been expanded. Building on a basis of sophisticated investment management and traditional Swiss discretion, Royal Trust offers clients personal holding companies, international trust and, for an extra fee, sealed envelope accounts.

In contrast to most larger multi-service banks, Royal Trust Bank emphasizes individual and intensive service. Clients have direct access to senior people and benefit from an unusually low ratio of private banking specialists to client portfolios.

On the wholesale banking front, interbank foreign exchange activities have been expanded via advanced computer facilities and the addition of new financial instruments, such as futures and options. Money market activities are also being expanded with future rate agreements and interest rate swaps.

H.K. Merchant Bank Finances Development in China

RENAMED this spring, Royal Trust Asia has swiftly developed its merchant banking capabilities, expanded its private banking and investment management divisions and acquired a majority shareholding in Hayes & Company, a leading corporate secretarial specialist.

Royal Trust Hayes offers a wide range of corporate management and fiduciary skills including incorporation of companies, trust advisory and liaison services, import/export management and advice and assistance on trade and manufacturing in China.

The company's merchant banking professionals have a successful track record in the region's main financial markets. Royal Trust Asia recently lead managed US\$13.5 million term financing for the construction of a two-piece aluminum can-manufacturing project in Zhao Qing, Canton Province, China. It also helped Pacific Concord Holding Ltd raise HK\$34 million and has helped numerous companies obtain Hong Kong Stock Exchange listings.

Royal Trust Asset Management (Asia) Limited is actively developing a wide range of

unit trusts and investment products which will provide clients with quality portfolio management in Hong Kong. Investors also benefit from the group's worldwide network of fund managers.

On the private client side, Royal Trust Asia makes its financial expertise available to high net-worth individuals throughout the region. It offers access to private banking services in Hong Kong and overseas, including international investment management, credit-related products, trust services, estate planning and asset protection.

In response to strong local demand for property in North America, Royal Trust Asia also provides access to residential and commercial markets through Royal LePage. It also gives support and guidance on Canadian immigration requirements.

"Royal Trust Asia is committed to maintaining full confidentiality of clients' business and protecting individual and corporate assets," says Managing Director Thomas F. Greer. "The company is well established here and its professionals draw on an in-depth knowledge of Asian and world legal requirements."

Asset Management Looks to Europe

IN today's highly competitive British marketplace, where more than one thousand unit trusts vie for the investor's attention, no fewer than nine Royal Trust funds were recently placed among the top 20 in their sector.

Less than a year after a major takeover and reorganization, Royal Trust Asset Management has moved quickly to relaunch and re-energize the existing funds.

Chief Executive Adrian Collins enjoys an excellent reputation in the city. He invented the concept of the umbrella fund and, while at Gartmore Fund Management, boosted their funds from under £400,000 to £2.5 billion.

In his latest venture, an existing onshore umbrella fund was renamed Prestige Portfolio Trust and four new sub-funds were created: Canada, Singapore and Malaysia, Gold and Commodities. Collins sees independence as the key to Royal Trust success.

"We are fund managers pure and simple," he says. "We are not part of an organization making markets or advising on mergers and acquisitions. There's absolutely no conflict of interest, and that's the way it's going to stay."

Royal Trust Asset Management currently manages more than £350 million in pension funds and private client portfolios as well as 23 unit trusts, including the top performing Share Fund. The Jersey office administers a further £50 million worth of offshore funds.

Discussing his plans for next year, Collins notes that the newly established Luxembourg office places Royal Trust Asset Management in an ideal position to take advantage of upcoming EEC legislation. The new laws will allow fund management groups to sell across national borders, thus creating a Europe-wide market for financial products and services.



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Management
to Europe

Celebrating 25 Years in Channel Islands

THE first foreign bank to settle in Jersey celebrated its 25th anniversary this year by introducing a unique currency-based deposit account. Further cause for celebration was provided by last year's performance which saw pre-tax profits soar 31 percent and total assets surge by 25.5 percent to \$627 million (\$380 million). Fees and commissions from foreign exchange dealings increased 49.8 percent and foreign exchange transactions now exceed US\$100 million a day.

Royal Trust was established in Jersey in 1962 as a wholly owned subsidiary of Royal Trustco, Canada. A comprehensive range of private banking services is provided through two separate Jersey based companies: Royal Trust Bank (Jersey) Ltd and The Royal Trust Company of Canada (C.I.) Ltd.

The Managed Currency Deposit Account relies on the foreign exchange expertise of the Jersey team. According to Ivor Mills, Managing Director of Royal Trust Jersey, the account is the first to allow the individual investor to benefit from international currency movements while enjoying the return and access of a deposit account.

"The speed and volatility of exchange rates present both an opportunity and a threat,"

he said. "There's an opportunity for excellent capital gains, but without professional advice and proper management, there's great risk. We have designed this account to maximize return and minimize risk, in a cost-effective way."

The Managed Currency Deposit Account is designed for investors who regard either U.S. or Canadian dollars or Sterling as their main currency. The minimum requirement is US\$25,000 (Canadian \$25,000 or £20,000).

The growth potential of the account, according to Mr. Mills, comes from a combination of overnight money market interest rates and net foreign exchange trading profits. To maximize return, funds in the account are traded on a minute-to-minute, hour-to-hour or day-to-day basis in the six major currencies.

While Mr. Mills acknowledged that no guarantee of profit can be made, he stresses the benefits of a currency strategy. "We would anticipate that the skill of our international money desk, which deals with the bank's own money, will provide a return well in excess of the interest rate which could be obtained from a single currency deposit account."

The account is cost-effective: no front-end fees, registration fees, brokerage fees or



Ivor E.R. Mills, Managing Director of Royal Trust Bank (Jersey) Ltd.

custodial fees are charged. Instead, there is a single annual charge of 0.75 percent. Monthly statements itemize all foreign exchange transactions and a monthly summary reports account balance and accrued interest.

Among other private banking services there is offshore mortgage finance aimed at foreigners residing in England and a comprehensive range of foreign exchange services for individuals and companies.

Investors from all over the world have long appreciated the advantages of Jersey, 14 miles off the coast of France. The island has kept the rate of personal and corporate tax steady at 20 percent since 1940 and has no capital gains tax, capital transfer tax, value add-

ed tax or inheritance tax. However, so many financial institutions have set up in Jersey that the financial scene is now extremely competitive.

Organizations like Royal Trust are developing all aspects of their operations to sustain their momentum. For example, The Royal Trust Company of Canada (C.I.), specializes in the creation and administration of discretionary trusts designed to protect the assets and mitigate the tax liabilities of high net-worth individuals. Clients residing in foreign countries may wish to use discretionary trusts to protect themselves against exchange controls or possible confiscatory legislation.

Most recently, Royal Trust introduced a new concept in

international asset protection. According to Andrew Turner, Associate Director, International Trust Services, Royal Trust (Atlantic) Ltd is the Lamborghini of the trust business. "It is a specialist trust vehicle created in a Canadian jurisdiction but with no exposure to Canadian taxation, that provides for the maximum protection of wealth through a highly flexible trustee structure. While administered in Jersey with assets held by Dutch nominees, Atlantic operates through Royal Trust branches around the world."

Mr. Turner notes one of the advantages for discerning trust clients in Jersey. "The idea of trust as developed in Jersey is very different from more traditional financial centers," he says. "Under our law, the client continues to influence the trustees in any actions they may take. While he is legally dissociated from his money, he effectively retains control over the administration of his assets."

To stay in the lead, Royal Trust (Jersey) continues to invest in the future, ensuring that the company's valuable human resources receive technical and management training. For clients, such investment translates into the company's most invaluable asset: superior service.

U.K. Bank Expands Services

ROYAL Trust Bank has developed an unusually comprehensive international securities custody and reporting service. It has also expanded its services to corporate and private clients and established three regional offices outside London.

Ken Dean, Senior Manager, responsible for Global Custody, says the bank provides a complete stock and share stewardship service. Clients of the service, which has proved particularly attractive, to

North American funds seeking UK and international exposure, include pension funds, insurance companies and mutual funds. The service includes full multi-currency banking services, a computerized account and security record system, as well as delivery, settlement and income collection services.

"This service is fast, flexible and efficient, and it covers all aspects of global securities dealing," Dr. Dean said. "Its multi-currency banking facil-

ties simplify international settlement and insure that cash balances remain productive. This is a very cost-effective method of administering an international portfolio."

He explained that global custody clients or their investment managers buy and sell as before, but, once executed, transaction details are reported to Royal Trust Bank by telex. All foreign exchange conversion, settlement details and delivery are then handled by Royal Trust Bank.

"Each portfolio is assigned an administrator and clients receive detailed stewardship reports on a monthly or quarterly basis," Dr. Dean said.

Managing Director John Lovescy believes the bank's strengths are its wide range of financial services and the breadth and depth of its banking relationships. Corporate services include commercial lending, foreign exchange, property finance and corporate trust services. Private client services include private bank-

ing, mortgage finance, tax planning and other personal financial services.

"We are well established in the market," Mr. Lovescy concluded, "and we plan to build on our long-standing relationships. We are currently working closely with some very dynamic companies."

To facilitate the development of local contacts, regional offices have been opened in Manchester, Leeds and Ipswich, and another is planned for Bristol.

Isle of Man Features Hi-Yield Account

THE first North American financial institution to recognize the potential of the Isle of Man as an offshore base, the Royal Trust Bank has made great strides since its office opened there in 1976. Having launched a series of innovative offshore financial products, the bank now finds itself in an ideal position to take advantage of the increasing flow of international funds into the center.

According to Managing Director Bill Cowie, the Royal

General Life Assurance, a leading British insurance group.

Another Royal Trust innovation, the package is unlike any other mortgage scheme. According to Mr. Cowie: "It has been specifically designed to meet the needs of expatriates residing outside the country who wish to buy property in the United Kingdom."

The terms of the mortgage scheme are flexible and highly competitive. Since repayments are made offshore during the

lifetime of the loan, the scheme offers expatriates a considerable tax advantage.

Royal Trust plans to take advantage of the hospitable financial climate by expanding its operations on the Isle of Man, whose 221 square miles are home to 7,000 companies and financial institutions.

As Mr. Cowie says: "This island is very close to Britain, politically stable and offers all the advantages provided by much more exotic offshore centers."

Broadening Horizons on the Pacific Rim

Formerly known as Arthur Latham Asia Ltd., the company became a member of the Royal Trust Group in October 1986. It offers a full range of portfolio management services, syndicated lending and corporate finance. Its most successful unit trusts are the Royal Trust Singapore Growth Fund and Royal Trust Asia Pacific Growth Fund.

It provides advice and finance for number projects, short and medium term loans, revolving credit and trade financing. Such loans are provided through the bank's Asian Currency Unit which also accepts deposits in all major currencies.

These activities are complemented by advisory services in areas such as corporate planning, capital structuring and restructuring, underwriting and private placements, mergers and acquisitions.

"Royal Trust Merchant Bank intends its global investment management services to be the thrust for its growth and expansion into the 1990s," says Mrs. Hwang. Singapore's full range of financial services will certainly contribute to the success of these plans.

Royal Trust Bank in Zurich

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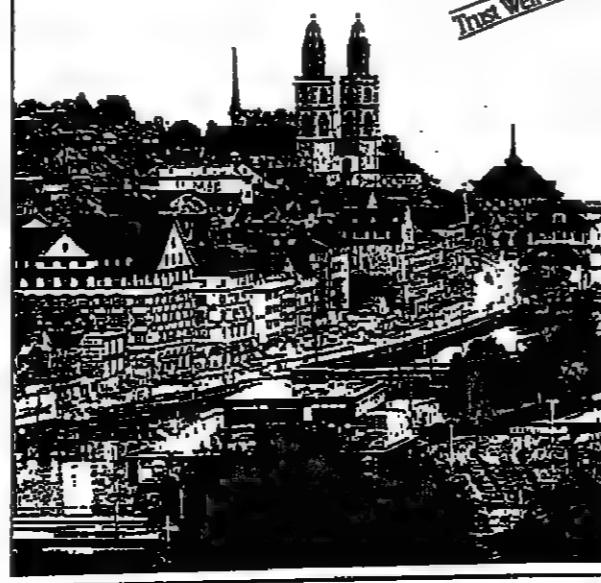
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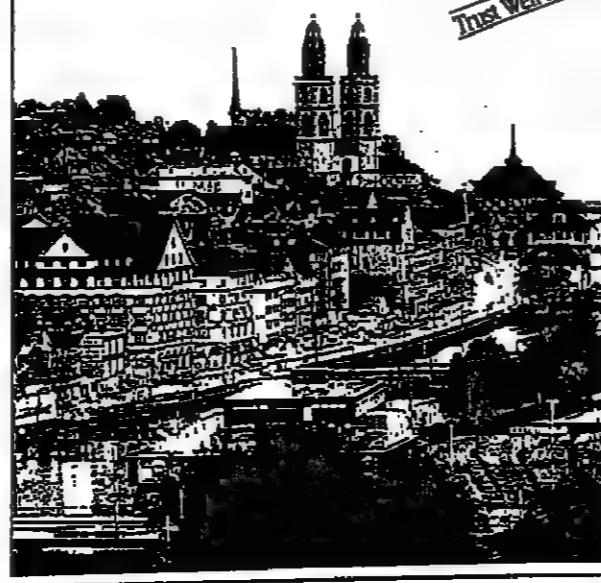
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Trust Well Placed



Under the leadership of Laura Hwang, Managing Director, Royal Trust Merchant Bank specializes in international banking and project finance throughout the Asia Pacific region.

"As Singapore's first merchant bank, we are very firmly rooted in the business community here," explains Mrs. Hwang. "Now that the rest of the world has discovered the dynamic economics of this region, we are in an excellent position to build investment management services on a regional and international scale."



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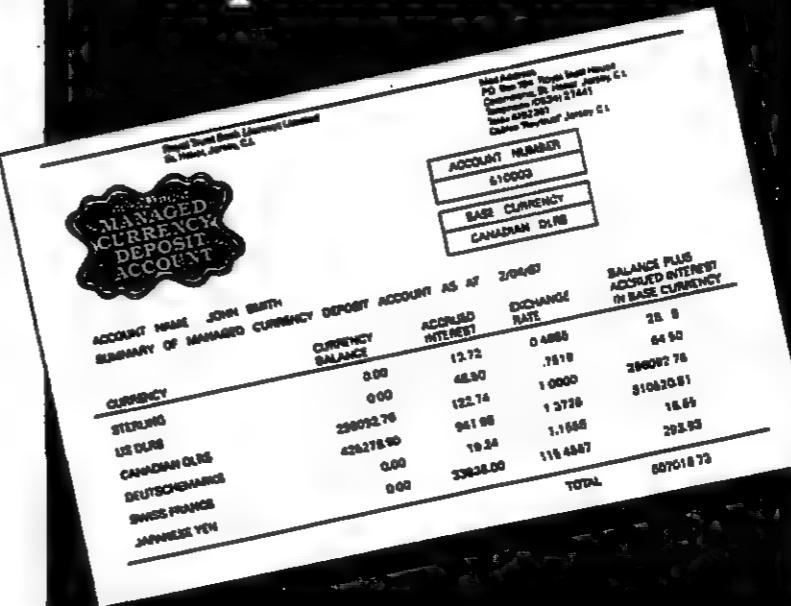
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- Royal Trust will switch minute by minute, hour by hour, day by day between Sterling, U.S. Dollar, Canadian Dollar, Swiss Francs,

Japanese Yen or German Deutschemarks to maximise your net capital gains.

■ You will earn interest every day on your entire deposit without deduction of Jersey tax.

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For further information about opening an account call Trevor Wynn on Jersey (0534) 27441 or complete the coupon below.

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Royal Trust Bank (Jersey) Limited is a wholly owned subsidiary of Royal Trust, one of Canada's largest financial institutions with an international AA credit rating comparable with the major Canadian chartered banks. Royal Trust has offices in Canada, Grand Cayman, Hong Kong, Isle of Man, Japan, Jersey, Netherlands, Singapore, Switzerland and United Kingdom.

Trevor Wynn, Royal Trust Bank (Jersey) Limited, P.O. Box 194, Royal Trust House, Colombe, St. Helier, Jersey, Channel Islands

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IHT 23-10

MARKETS FACE NEW TURBULENCE: Profit-Taking and Skittishness Dent the Attempted Recovery

Shares Fall in Europe After Wednesday Rally

Compiled by Our Staff From Dispatches
LONDON — The recovery in European share prices evaporated on Thursday, as many investors unloaded stocks to take advantage of higher prices.

News of a missile attack on Kuwait's main oil installation also sputtered share prices in Europe, dealers said, by heightening global economic uncertainty. Kuwait blamed Iran for the attack.

Although shares in Tokyo ended higher, dealers said the improvement disappointed many European investors. The 225-share Nikkei index was up only 1.9 percent, after ending a record 9.3 percent on Wednesday.

Price swings remained violent and unpredictable. In Britain, the index of 100 major shares finished 110.6 points lower on Wednesday. Renewed selling of U.S. shares before Wall Street opened aggravated the declines across the Continent.

Later, New York trading opened with a massive sell-off, which only accelerated the losses in the last few hours of European dealings. The Dow Jones industrial average lost 40 points within the first hour of trading, then rebounded. By 11:30 A.M. in New York, when most European exchanges were closed, the Dow was still down 43 points.

Wall Street's convulsions on Thursday incited new fears that its recovery in the previous two sessions had been tenuous. The Dow's 0.27-point rally on Tuesday supported a worldwide rally in stock prices on Wednesday, when the Dow soared an additional 186.84 points. The Dow plummeted a catastrophic 508 points on Monday.

But that rally ended Thursday in Europe. "Investors are again hesitant and sell sales are surfacing," a senior Swiss broker said. "Many believe that new jobs are possible on world markets as the problems which reached off Monday's collapses are still hanging over the global economy."

Analysts have blamed the collapse in large part on a lack of confidence in the ability of major industrial countries to deal with their huge trade imbalances and the resultant conflicts over currency values and interest rates.

London

On the London Stock Exchange, the Financial Times-Stock Exchange 100-share index skidded

110.6 points, or 5.7 percent, to 1,833.2 at the close. A late rally that reflected price moves on Wall Street helped cut the loss from 194.7 points about an hour before the close.

On Wednesday, the FT-SE index gained a record 142.2 points, or 7.9 percent.

At its late-afternoon low, the index was down about 10 percent, its lowest level in about nine months.

"A lot of investors are sick of the wild movements on Wall Street and believe that British stocks at this level are a good buy," one analyst said. "But they are still very nervous."

One factor heightening concern was the release Friday of Britain's trade figures for September. Britain's current account, the nation's widest measure of trade, registered a £529 million (\$1.53 billion) deficit in August and many analysts are expecting another bad number.

Dealers said that the market was also unnerved by reports that an influential U.S. stock analyst, Robert R. Prechter, had predicted that Wall Street might find a new low shortly. Mr. Prechter follows the theory of the late Ralph N. Elliott that markets follow predictable waves rooted in human nature and alternate between pessimism and optimism.

Volume continued to be huge, with more than 819 million shares changing hands up to 3 P.M. The actual number of transactions was more than 78,000, compared with an average 35,000 a day last week and Wednesday's record of 103,680.

Paris

French share prices fell in late trading in response to a lower Wall Street, wiping out early gains, dealers said.

The main Bourse indicator slipped 2.95 percent in relatively light trading, after having been 0.97 percent higher at midday.

The index gained 3.5 percent on Wednesday. That performance, combined with Tuesday's small rally, had recouped part of a nearly 10 percent drop on Monday.

"I think 'confused' is the word for it," one trader said. "Nobody seems to know what they're doing anymore."

Frankfurt

West German share prices ended an active session with big losses

that approached the worst levels of the day, as foreigners and domestic institutional investors unloaded large holdings, dealers said.

Domestic small-scale investors continued to buy but were unable to turn the tide, they added.

The Commerzbank index closed 72.40 points down at 1,707.90, a loss of 4.07 percent. It gained 6.64 percent on Wednesday.

Milan

Italian share prices dropped in early trading on the Milan Stock Exchange, and continued to fall throughout the day, largely because of the declines in other major centers, dealers said. Retail, insurance and financial stocks all performed poorly.

The main MIB index was down about 0.6 percent two hours into the session, and ended the day with a 1.30 percent decline. The index had gained 3.93 percent on Wednesday after Tuesday's drop of 4.45 percent.

Zurich

Swiss share prices closed sharply lower on profit-taking and expectations of declines on Wall Street, dealers said.

One trader at a major Swiss bank said that many of the sellers had bought shares at Wednesday's low.

The SBC index fell 35.20 points, or 5.54 percent, to 600, effectively erasing Wednesday's gain of 5.7 percent. (AP, Reuters, AFP)



RALLY STALLS IN PARIS — Brokers at the Paris stock exchange shout instructions. Share prices dropped in late trading on Thursday, and the Bourse indicator fell 2.95 percent in relatively light trading, after having been up 0.97 percent at midday.

The Dow Average: Not the Only Indicator, Nor Even the Best

By Cindy Skrzynski and Jerry Knight
Washington Post Service

WASHINGTON — The Dow Jones industrial average is proving once again that it is not always the most reliable indicator of what the U.S. stock market is doing.

The widely watched average of 30 stock prices has become synonymous with the stock market's performance. But in the past few days it repeatedly has climbed more steeply and plummeted more deeply than other stock market indicators.

While the Dow dropped 22.6 percent on Monday, for instance, the Wilshire 5000-stock index, favored by many professional investors, was down a little less than 18 percent. The decline in the American Stock Exchange and the Nasdaq National Market indexes came to only about 12 percent.

"The Dow is a rotten indicator," said Marshall E. Blume, professor of finance at the

University of Pennsylvania's Wharton School. "It's one of the worst indicators around."

Critics argue that Dow is tilted heavily toward manufacturing and heavy industrial companies whose importance to the American economy has faded in recent years.

Members of the industrial average include such heavyweight companies as Bethlehem Steel Corp., General Electric Co., General Motors Corp. and Texaco Inc. McDonald's Corp. is the only entry from the burgeoning services sector, and the lone financial services representative is Prudential Corp., which has been on the Dow since it was in a different business, as American Can Corp.

Besides the narrow composition of the Dow, there are complaints about how it is weighted and calculated. Companies with high stock prices are given more presence in the average while elements such as market capitalization are not taken into account.

Asian Marts Off In Profit-Taking

Compiled by Our Staff From Dispatches

HONG KONG — A partial recovery on Asian financial markets sputtered on Thursday as stock prices on exchanges from Tokyo to Singapore rose sharply and then, as quickly, gave up most of their gains.

In Japan and Australia, the largest regional markets, early buying strength gave out in the afternoon and prices turned lower at the close. A similar retreat took place in New Zealand.

On the Tokyo Stock Exchange, the Nikkei stock average of 225 selected shares fell back in shabby afternoon trading to 24,404.45, up 457.05 yen for the day. The index had been ahead by as much as 1,033 yen in the morning. Market analysis attributed the the drop to profit-taking.

Earlier in the day, when Tokyo prices were registering strong gains, brokers had said investors were encouraged by Wall Street's seeming strength, lower commercial interest rates in the United States and the Federal Reserve Board's action to add liquidity to the market.

In Sydney, nervous selling dashed early record gains. The All-Ordinaries index dropped back to a gain of 59.4 points, or 3.7 percent, after soaring 150 points in the first 45 minutes of trading. At the close, the index stood at 1,627.6.

In Wellington, New Zealand's stock market rally petered out as fresh nervousness hit investors. The Barclays index of the top 40 stocks ended the day down 3 points at 3,034 after being 16 points ahead

Hong Kong Seeks Help on Troubled Stock Futures

Agence France Presse

HONG KONG — The Hong Kong government said Thursday that it had asked Hambrus Bank Ltd. of Britain for advice on problems in the stock-index futures market, where trading was halted on Tuesday.

In trading circles, there were rumors that the Hong Kong Futures Exchange had asked the government for 2 billion Hong Kong dollars (\$5.56 million) to rescue the market.

Monday's slump on the local market prompted dealers in Hang Seng Index futures to issue margin calls. Futures brokers fear that stockbrokers and speculators may not be able to pay up.

A speculator who bought one contract last Friday with a 15,000 dollar deposit would have faced a 21,000 dollar loss by the close of trading Monday.

At that time, more than 36,500 Hang Seng Index futures contracts, with an implied value of \$1.14 billion dollars, were outstanding.

half-way through the trading day.

In Malaysia, a wave of selling drove share prices down Thursday towards their previous closing levels on the Kuala Lumpur Stock Exchange.

The afternoon selling halved the morning's gains and prices settled only 10 percent above Tuesday's finish. Most stocks, which shed an average of 25 to 30 percent of their value Tuesday, had recouped up to a third of their losses in the morning session. The exchange was closed Wednesday for a public holiday.

Taiwan share prices closed sharply lower but in Manila, prices finished higher.

In Singapore, stock prices rallied, although renewed selling interest surfaced in the afternoon session.

The Straits Times industrial index regained 12.14 points to end at 1,085.64, its biggest one-day advance. On Tuesday, the index plunged a record 261 points.

(AFP, Reuters)

Bonds Surge on Continuing Flight From Stocks

By Robert

NEW YORK — Prices of U.S. government securities rose as much as 3 points on Thursday in hectic trading, as investors continued to flock to the safety offered by government-backed paper after renewed declines in U.S. share prices, dealers said.

"It's been wild," said Ken Dagel of Klemow Benson Government Securities Inc. "It's been the most active week I've seen in my life."

Dealers said prices were further bolstered by news that Citibank and other major U.S. commercial banks had cut their prime lending rates a quarter point, to 9 percent.

Also, dealers cited cautious optimism that Washington policy makers will act to trim the U.S. budget deficit.

Analysts have said that the government borrowing to finance the budget deficit has put upward pressure on interest rates, thus automatically depressing bond prices.

The Dow lost 140 points in the first hour of trading before recovering. It closed later with a loss of 77.42 points.

With the forecast said Mr. Prechter predicted that stock prices would initially fall through the lows reached on Monday — when the index fell 22.6 percent to 1,738.74 and then stage a comeback at 1,300.

Through a spokesman, Mr. Prechter refused to comment on the report.

The U.S. central bank, meanwhile, added reserves to the banking system via four-day customer repurchase agreements. The Federal Reserve Board entered the money market an hour earlier than usual, in an apparent effort to calm the financial markets.

Nonetheless, federal funds, the overnight reserves that commercial banks trade among themselves, closed higher at 7.25 percent, up from 6.875 percent in early trading and Wednesday's average of 6.47 percent.

Dealers predicted that purchases of government securities would continue, particularly at the shorter end of the market, with the biggest beneficiary likely to be bills, which mature within one year.

The credit markets rose sharply on the reports that Mr. Prechter had predicted the Dow would fall to 1,300. It had closed at 2,027.85 on Wednesday. Traders' families

economists continued to debate whether the slump in stock prices reduce consumer spending and slow the economy, thereby bolstering bond prices.

Elias Bikhazi, an economist at Security Pacific National Bank, said the economic fundamentals are largely unchanged following the dramatic swings in both stock and bond prices.

Income, not investment, is the most important factor in consumption, Mr. Bikhazi said. "Unemployment at 5.9 percent and steady employment gains should sustain consumption," he said. "We acknowledge that there will be an impact on consumption, but we're not prepared to say it's a recession," he said.

But market perceptions of a recession and a continued flight to quality should support long-term bond yields at around 9.50 percent until year-end, Mr. Bikhazi said, although he does not see much improvement from the current lower yield levels.

Three- and six-month bill yields rose above their lows, finishing at 5.32 percent and 6.04 percent, after 5.62 percent and 6.24 percent at Wednesday's finish.

Dealers predicted that purchases of government securities would continue, particularly at the shorter end of the market, with the biggest beneficiary likely to be bills, which mature within one year.

The comments had in the stock market that followed, the fears they raised of U.S.-West German argues and dollar devaluation were seen as one of the catalysts.

The best West German criticism is of Mr. Baker's premise that the United States' trading partners, and first of all West Germany and Japan, have an obligation to stimulate their economies so that they could start absorbing more American goods and so ease the trade imbalance.

The daily Frankfurter Algemeine Zeitung called the premise a "vision" long fostered by Washington and "every time this vision is disturbed from the outside, this is seen as an unfriendly act by Washington."

"But the real question," the paper added, "is whether the vision is realistic."

Beyond the merits of Mr. Baker's thinking, his demands on the Germans to stimulate their economy clashed with a deep-rooted fear of inflation and economic instability, a fear that permeates all West German economic policies.

POLICY:

A Turning Point

(Continued from Page 1)

countries needed an expansion of the money supply in order for their economies to grow.

"As in 1981," he continued, "the fed thought inflation was the problem and has raised interest rates in recent months. Investors always sell stocks when they see a Federal Reserve policy of higher interest rates."

The stock market's tumble came paradoxically as James C. Miller, 44, director of the Office of Management and Budget, was saying that "we have had tremendous success" in reducing the federal budget deficit.

The deficit, which soared to a record \$220.7 billion in the fiscal year 1986, narrowed to \$155 billion or less in fiscal 1987, which ended three weeks ago, he said. The deficit figure, which may well be less than \$150 billion, will be made public next week.

A major reason for the decline in the budget deficit was an unexpected surge in revenues. This one-time surge occurred partly because many people sold stocks and other assets late last year before the rate on long-term capital gains was raised by the new tax law.

But economists say stock market investors are still concerned about the deficit for the current fiscal year, which, according to the Congressional Budget Office, would exceed \$180 billion if current spending and tax policies continued.

the maelstrom of recent days would only confirm the West Germans in their antipathy to risk and instability, rather than make them receptive to Treasury Secretary James A. Baker 3d's demands that they stoke up their economy.

Many experts acknowledged that the West German economy did need some loosening. But none saw any quick or painless fix for the United States' huge debt and poor balance of payments, and few thought Boun would ever agree to stimulate its economy to a level that would make any difference.

The answer to America's problems, most seemed to think, was in America.

"The United States has basic problems, and if I were a politician I would also try to put the blame somewhere else," said Meinhard Miegel, director of the Institute for Economic and Social Policy in Berlin. "They blamed Japan, then Europe in general, then West Germany.

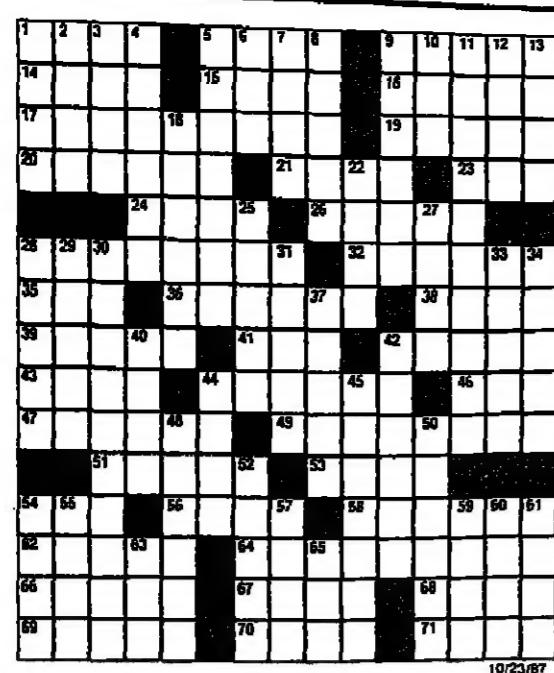
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ACROSS

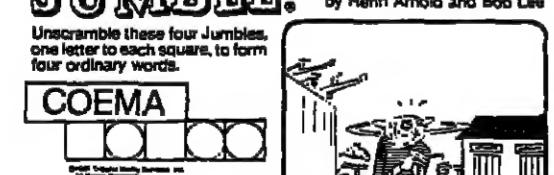
- 1 Fish or cut this
5 Dada, for
9 Like a tire
14 — take
arms";
Hamlet
15 Kind of rug
16 Indy 500
winner: 1983
17 HEADLESS
HORSEMAN
19 Intelligence
man
20 Main or mill
follower
21 Hoar frost
23 Star for Roger
McDonald
24 Site of ancient
Olympic
games
26 Glacial mass
28 Made melancholy
32 Harry Warren
song: 1942
35 Stout
38 Approached
39 Autocrat
40 Blow one's own
horn
41 Sesame
42 "Semper
fidelis," e.g.
43 Swat was his
sultanate
44 Beggar
partner
45 Greedy
47 Stick fast
48 Galactic article
10 New York Times, edited by Eugene Maleska.

DENNIS THE MENACE



"WHEN I GROW UP, I'M GOING TO MARRY A NEWSPAPER MAN." HE KNOWS HOW TO HIT THE PORCH."

THAT SCRAMBLED WORD GAME by Henn Arnold and Bob Lee



Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

COEMA

WEST UNITED STATES PUBLISHING CO.

TAGOL

WEST UNITED STATES PUBLISHING CO.

BITTID

WEST UNITED STATES PUBLISHING CO.

ZEFRYN

WEST UNITED STATES PUBLISHING CO.

Answer here:

(Answer: tomorrow)

Yesterday's Jumbles: EXERT JEWEL TANKER COUGAR

Answer: Why tennis was the crook's favorite sport—HE WAS A "RACKET-EEF"

WEATHER

EUROPE HIGH LOW

Amsterdam 14 51 12 52

Athens 24 72 14 73

Berlin 21 70 14 72

Brussels 20 68 11 72

Budapest 14 51 11 52

Copenhagen 14 51 11 52

Costa Del Sol 19 68 16 61

Dublin 21 72 17 73

Florence 22 72 17 73

Gibraltar 21 72 17 73

Geneva 21 72 17 73

Helsinki 6 43 2 34

Les Petites 22 72 17 73

Lisbon 19 51 17 52

London 14 51 11 52

Madrid 11 51 11 52

Milan 18 68 11 61

Moscow 10 51 11 52

Munich 9 51 11 52

Naples 21 72 17 73

Paris 13 51 11 52

Prague 21 72 17 73

Rome 19 51 17 52

Stockholm 10 51 17 52

Venice 14 51 11 52

Vienna 11 51 11 52

Warsaw 18 68 11 61

Zurich 10 51 11 52

MIDDLE EAST HIGH LOW

Ankara 14 51 5 41

Bahrain 21 72 17 73

Damascus 17 51 12 52

Istanbul 17 51 12 52

Tel Aviv 22 72 16 61

AFRICA HIGH LOW

Algiers 25 77 14 61

Casablanca 25 77 14 61

Dakar 25 77 14 61

Harare 25 77 14 61

Johannesburg 25 77 14 61

Luanda 25 77 14 61

Maputo 25 77 14 61

Nairobi 25 77 14 61

Rome 25 77 14 61

Windhoek 25 77 14 61

LATIN AMERICA HIGH LOW

Anchorage 24 76 10 50

Atlanta 14 51 4 41

Bogota 14 51 4 41

Buenos Aires 14 51 4 41

Caracas 24 76 10 50

Chile 24 76 10 50

Ciudad Guzman 24 76 10 50

Costa Rica 24 76 10 50

Cuba 24 76 10 50

Curacao 24 76 10 50

Curitiba 24 76 10 50

Damascus 24 76 10 50

Guatemala 24 76 10 50

Honduras 24 76 10 50

La Plata 24 76 10 50

Lima 24 76 10 50

Managua 24 76 10 50

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Nicaragua 24 76 10 50

Porto Alegre 24 76 10 50

Rio de Janeiro 24 76 10 50

Santiago 24 76 10 50

Santo Domingo 24 76 10 50

Santiago 24 76

POSTCARD

Seoul's Pre-Olympic Air

By Fred Hiatt
Washington Post Service

SEOUL — It takes a visitor no time at all to see that Seoul is no longer the struggling capital of a desperately poor Third World country. The streets are clogged with handsome Korean-made cars and the air is filled with the dust of skyscrapers under construction. A giant statue of a drill bit (yes, a drill bit) stands before the Chamber of Commerce, celebrating the nation's relentless march toward industrial prosperity. Beggars are practically extinct.

But a visitor may soon be reminded that, on the other hand, this isn't Baltimore or Tulsa, either. The old women roasting snacks of silkworm chrysalis provide a clue. So do the carts of pressed-squid snacks and the open-air acupressurists.

Beneath the Kyobo Building, where many of the West's most powerful banks and other financial houses have set up shop, a woman earns her living with two little birds in a cage and a box of fortunes. If you drop 100 won (about 12 cents) in the cage and tell the birds your birthday, one of them will hop out through the bars, pick up a fortune with its beak, and hop back into its cage. (Somehow named Kim will loom large in this reporter's life next month, according to avian sources.)

A few blocks away, a small crowd gathers on a street corner, listening to a sales pitch. A grizzled man proudly displays a terrarium crawling with Olympic-size centipedes. For about \$12, the man says, he will drop 10 of the vile-looking creatures into a bottle of vodka where they will die, ferment and — when imbibed by some lucky buyer — cure backaches, neck aches and other ills beyond the power of modern medicine. Sales are not brisk.

AT dusk in Seoul, as in many Asian cities, the street stalls appear, offering dumplings or shellfish under a naked light bulb. In this city of drill bits and hard work, though, some of the stalls offer more: a 19-inch Samsung or Goldstar color television to entertain patrons as they slurp their noodles.

A casual stroller through the crowded streets would hardly take Seoul to be the site of a continuing people's revolution. Mostly gone.

TODAY'S
INTERNATIONAL
REAL ESTATE
MARKETPLACEAppears on
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MONACO 1981. Grandmother writing childhood